Valuetronics

Celebrates 20 Years of Excellence

Values We Live By

Annual Report 2012

Adaptability to a changing marketplace

Understanding of customer needs

Value

Value-added service provider

Lean manufacturing for greater productivity and efficiency

Expertise and Experience

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CORPORATE PROFILE

Value-added
service provider

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

I am pleased to announce that this year marks the **20th anniversary of Valuetronics Holdings Limited** ("**Valuetronics**" or the "**Group**").

We would like to celebrate 20 years of excellence, especially with our evolution to become a premier design and manufacturing partner for some of the world's leading consumer and industrial brands. Since our inception in 1992, we have built up a wide product portfolio for recognised world players and have now expanded into the exclusive brand licensing business in the North America. We would not be where we are today, without the dedication of the management and support of our staff over the years who have contributed in their own way to our success. It is on their broad shoulders that Valuetronics will be able to scale greater heights for our next 20 years.

Reviewing the year

In our continuous pursuit of excellence, I am pleased to share the Group's commendable results for the year ended 31 March 2012 ("FY2012"). Valuetronics' revenue achieved a record high of HK$2.4 billion, with OEM sales alone just crossing the HK$2.0 billion mark. Sales from the OEM business were mainly attributed to our major OEM customers increasing their sales orders and launching new products in FY2012, while sales from our ODM customers did not perform as well due to the decrease in orders led by a slowdown in demand.

The Group's licensing business, though still in its infancy, made meaningful contributions to the top-line as well, with a 170% increase to HK$90.3 million from the year ended 31 March 2011 ("FY2011").

In today's ever-changing business environment, I am pleased to report that we have maintained a stable net profit, which increased by 7.5% to HK$130.3 million and a Earnings per Share of 36.5 HK cents.

The vigorous demand from our major OEM customers was mainly attributed to the lighting products industry and the personal care products industry, which compensated for a slowdown in demand from other OEM and ODM customers. There has been growing attention on energy efficiency efforts on a global scale, which gave rise to a surge in demand for LED lighting products.

"Our strong values, together with a sound and prudent financial structure and lean manufacturing practices will ensure that we are capable of adapting and maintaining a steady course despite these challenging market conditions."

Adaptability to a changing marketplace

Value

As our major OEM customer has a large market share in the lighting products industry, we expect to continue to benefit from their strong and growing orders. Nevertheless, the uncertainties in the global economic outlook have curtailed consumer buying sentiments and this transposed into a decrease in sales from some of our ODM customers.

I would also like to take the opportunity to commend our licensing business team for the three-fold increase in sales for the year under review. Our revenue has continued to grow as we expand our existing product portfolio in our licensing business segment and extend our customer base by penetrating into different distribution channels and customer groups.

Overcoming challenges

After rolling out the Lean Manufacturing Programme ("LMP") in the financial year ended 31 March 2010 and seeing positive improvements in our production processes, I am happy to report that the LMP is now firmly established company-wide. In doing so, we eliminated unnecessary wastages along the value chain and removed non-value added activities so as to achieve greater improvements in productivity. During the year, we commenced the implementation of Manufacturing Execution System ("MES") over some of our manufacturing projects, which is targeted to improve the process controls as well as quality assurance over the manufacturing process.

However, the rising wages in the PRC continue to impact our operational costs and will continue to be an operational challenge for us. By taking a holistic approach to better controlling our manufacturing process, we have been able to contend with rising wages by increasing productivity. This year, we will incur capital expenditure for machineries so as to improve system automation, increase efficiency and cater to the increased volume for some of our major customers. We thank our committed teams that worked together tirelessly to continually sharpen Valuetronics' competitive edge.

An uncertain global economy affected by the Eurozone debt crisis and a sluggish recovery of the US combined with our operational challenges in the PRC continue to weigh on the manufacturing industry. However, despite dampened market sentiments, we remain confident of our strategies and our existing resources and capabilities. Our customers and suppliers both place their trust in us, as seen in our steady sales growth contributed by existing customers and by our excellent supply chain.

Scaling new heights

Our strong values, together with a sound and prudent financial structure and lean manufacturing practices will ensure that we are capable of adapting and maintaining a steady course despite these challenging market conditions.

We will strive to continually deliver returns to our shareholders as demonstrated over the years. This year, we have proposed a final dividend of 16.0 HK cents per share. In celebration of 20th anniversary, we are topping it up with a special dividend of 1.0 HK cent to bring the total dividend to 17.0 HK cents, as our way of showing our appreciation to our shareholders for their continual support.

In closing, I would like to thank my fellow board members, business partners, suppliers, business associates, staff and shareholders for their invaluable support. Together, we have remained resilient in turbulent market conditions and managed to enhance the value of our growth.

Let us continue to build on our spirit of resilience as we begin a new year of the next 20 years for Valuetronics.

Yours sincerely,

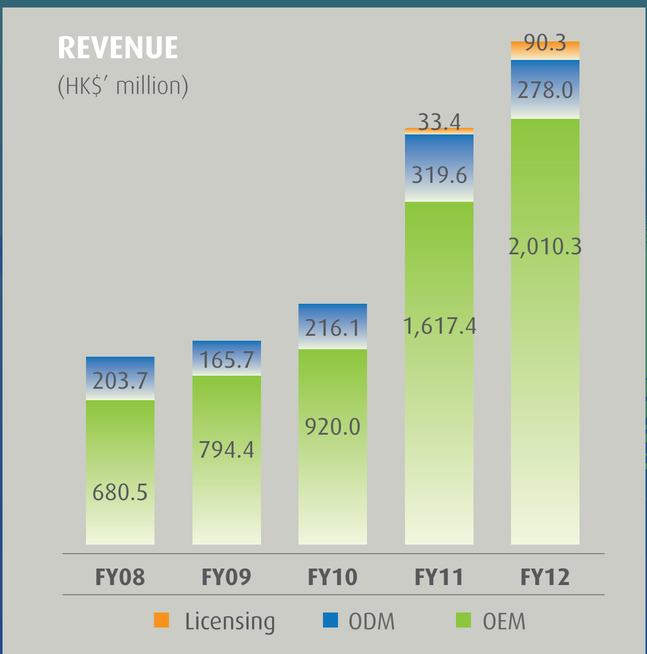
Tse Chong Hing
Chairman and Managing Director

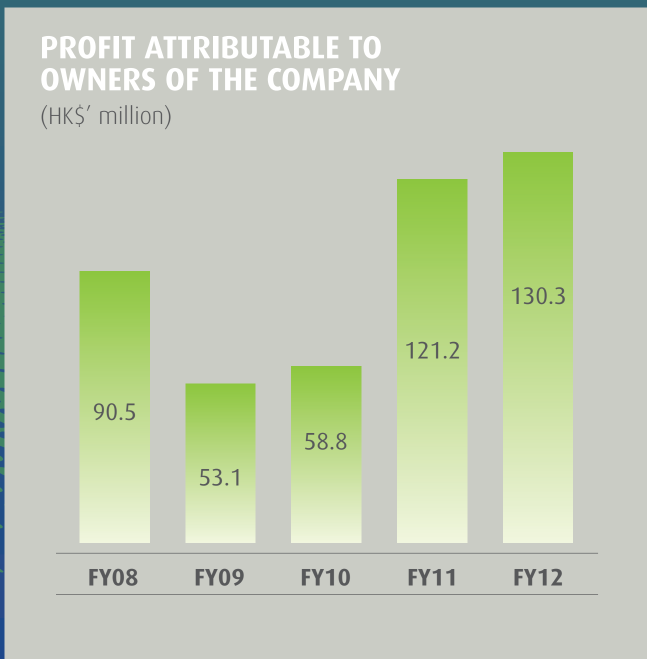
FINANCIAL HIGHLIGHTS

5 Years Financials Summary

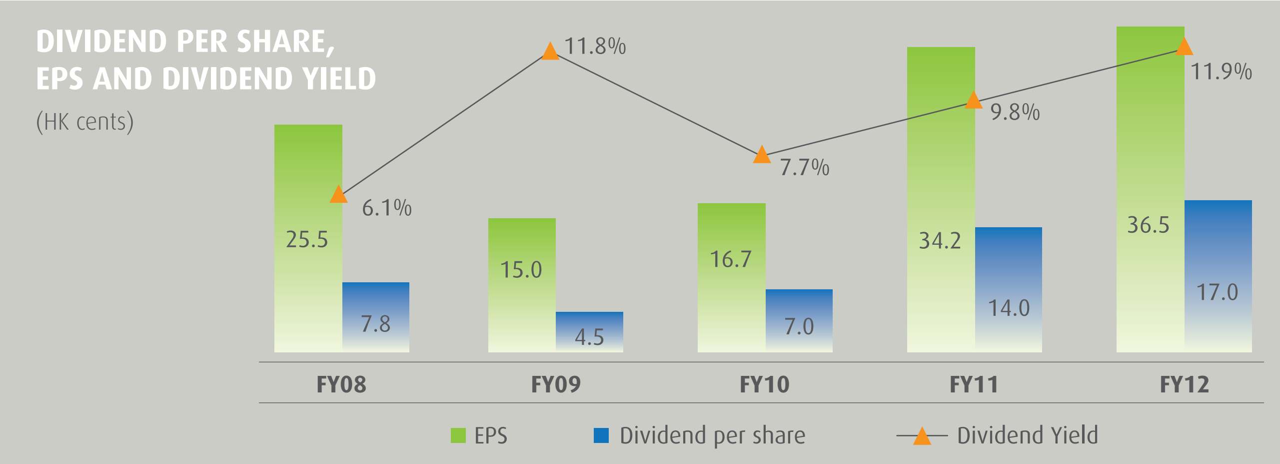
31 March		2008	2009	2010	2011	2012
Results (HK$ million)						
Revenue	OEM	680.5	794.4	920.0	1,617.4	**2,010.3**
	ODM	203.7	165.7	216.1	319.6	**278.0**
	Licensing	-	-	-	33.4	**90.3**
	Total	884.2	960.1	1,136.1	1,970.4	**2,378.6**
Gross profit		182.0	167.5	177.3	309.7	**341.1**
Profit before taxation		100.3	59.6	66.1	136.6	**148.5**
Profit attributable to owners of the Company		90.5	53.1	58.8	121.2	**130.3**
Cash generated from operations		89.3	104.9	29.5	46.2	**257.8**
Assets & Liabilities (HK$ million)						
Total assets		562.5	538.1	767.3	1,031.4	**1,233.4**
Total liabilities		264.9	214.6	397.0	555.2	**665.0**
Total equity		297.6	323.5	370.3	476.2	**568.4**
Net cash&		181.7	153.5	139.9	98.2	**243.7**
Per share data (HK cents)						
Earnings per share - basic		25.5	15.0	16.7	34.2	**36.5**
Dividend per share		7.8	4.5	7.0	14.0	**17.0#**
Net asset value per share		83.8	92.0	105.1	133.9	**158.5**
Key ratios (%)						
Gross profit margin		20.6%	17.4%	15.6%	15.7%	**14.3%**
Net profit margin*		10.2%	5.5%	5.2%	6.2%	**5.5%**
Return on assets		16.1%	9.9%	7.7%	11.8%	**10.6%**
Return on equity		30.4%	16.4%	15.9%	25.5%	**22.9%**
Dividend payout ratio		30.6%	30.0%	41.9%	40.9%	**46.6%**

& Net cash is calculated by bank and cash balances minus bank borrowings and overdrafts
* Net profit margin is calculated by profit attributable to owners of the Company to revenue
# Included special dividend of 1.0 HK cent





FINANCIAL REVIEW



Revenue

The Group's revenue rose by 20.7% from HK$1,970.4 million in the year ended 31 March 2011 ("FY2011") to HK$2,378.6 million and crossed the HK$2 billion mark in the year ended 31 March 2012 ("FY2012"). The growth was primarily due to the significant growth from our major OEM customers.

The OEM segment recorded an increase of 24.3% in revenue to HK$2,010.3 million in FY2012 from HK$1,617.4 million in FY2011, which is mainly contributed by the significant increase in demand from our major OEM customers. However, due to the slowdown in demand from our major ODM customers, the ODM segment recorded a decrease in revenue by 13.0% to HK$278.0 million in FY2012 from HK$319.6 million in FY2011.

Revenue from the Licensing segment contributed HK$90.3 million to the revenue in FY2012 from HK$33.4 million in FY2011, representing a growth of 170.3%.

Gross profit

In line with the growth in revenue, the Group's gross profit for FY2012 increased by 10.1% to HK$341.1 million from HK$309.7 million in FY2011. The gross profit margin declined from 15.7% to 14.3% due to the change in product mix during the year.

Other income

The Group's other income for FY2012 increased by 105.5% to HK$15.8 million from HK$7.7 million in FY2011. The increase was mainly contributed by the increase in net foreign exchange gain from HK$0.3 million to HK$4.8 million and increase in income from sales of scrap materials from HK$1.0 million to HK$2.4 million during the year.

Operating expenses

The Group's selling and distribution costs for FY2012 increased by 12.2% to HK$77.2 million from HK$68.8 million in FY2011. Such increase was mainly contributed by the increase in trade cooperative expenses to retailers, promotion and marketing expenses as well as commissions paid to our sales representatives related to the Licensing business during the year.

The Group's administrative expenses for FY2012 increased by 20.6% to HK$133.0 million from HK$110.3 million in FY2011. This was mainly due to the increase in salaries and bonus for our administrative and corporate employees in the EMS business and additional headcounts employed for the Licensing business during the year.

Other operating gain

Other operating gain represented the write-back of the provision for the impairment for loss on assets of HK$3.7 million with respect to the flash flood incident in 2008.

Profit attributable to owners of the company

Profit attributable to owners of the company for FY2012 increased by 7.5% to HK$130.3 million from HK$121.2 million in FY2011. The full year net profit margin was 5.5% as compared to 6.2% in previous financial year.

Earnings per share ("EPS") and dividend

The EPS for FY2012 rose by 6.7% to 36.5 HK cents as compared to 34.2 HK cents in FY2011. A final dividend of 16.0 HK cents per share and a special dividend of 1.0 HK cent per share are proposed for FY2012, which represent a dividend payout ratio of more than 46.6%.

Financial position and cash flows

The Group's trade receivables increased by HK$77.3 million from HK$430.8 million as at 31 March 2011 to HK$508.1 million as at 31 March 2012. The Group's trade payables increased by HK$91.4 million from HK$302.4 million as at 31 March 2011 to HK$393.8 million as at 31 March 2012. These are in line with the growth in business during the year.

The Group's inventories decreased by HK$8.9 million from HK$213.0 million as at 31 March 2011 to HK$204.1 million as at 31 March 2012. During the year, the Group's inventory level was brought down by the improvement in inventory management.

The Group's working capital as at 31 March 2012, which is the sum of trade receivables and inventories and deduction of trade payables, was HK$318.4 million (31 March 2011: HK$341.4 million).

As at 31 March 2012, the Group had cash and cash equivalents of HK$263.7 million due to better working capital management (31 March 2011: HK$136.2 million). The Group's bank borrowings as at 31 March 2012 amounted to HK$20.0 million (31 March 2011: HK$38.0 million), arising from term loans for acquisitions of machineries.

Cash generated from operations during the year amounted to HK$239.8 million compared to HK$37.3 million in the preceding year. The cash used in investing activities amounted to HK$48.1 million (31 March 2011: HK$56.0 million) and the cash used in financing activities amounted to HK$65.5 million (31 March 2011: generated HK$14.9 million).

OPERATIONS REVIEW

EMS segment

In FY2012, the revenue of the OEM segment saw a strong growth resulted from a major contribution by our major OEM customers, while revenue of the ODM segment saw a slight decline due to slowdown in demand from ODM customers when compared to the corresponding year. Our LED lighting products customers contributed a significant portion of our sales revenue for the OEM segment. The growing environmental consciousness globally has increased the demand for energy saving products such as LED lighting products and this trend augurs well for the Group.

Today, LED lights are able to last 25 times longer than the incandescent light bulbs while using 80 per cent less energy. This will not only save money for homeowners and businesses, but will cost less while delivering superior performance and reducing consumption of fossil fuels.

The Group sees huge growth potential for LED lighting products and will be able to ride on the momentum of the green movement and with LED lighting technology dominating the lighting market by 2015.

The other major contributor to the Group's OEM segment revenue was our customers involved in personal care products industry, who have generated a stable growth for Valuetronics during the year under review. Other OEM customers who are in the industrial and commercial markets, with products such as access card readers and high precision GPS are market leaders in their respective markets. These customers were generally not directly affected by the unstable global market sentiments as they serve a niche market within their industry. Therefore, the Group believes it is in a strong position with a well diversified portfolio of customers.

During the year, the Group experienced a slowdown in demand from its ODM customers. The decrease in sales for kitchen appliances and baby monitors in the consumer electronics segment was mainly affected by a slow recovery in the consumer purchases reflecting the sluggish US recovery.

Looking ahead, although a few new customers were acquired in FY2012, meaningful sales contributions from these customers were not realised as expected, due to the slow US economic recovery, which resulted in the customers' delaying the start of mass production. Going forward, Valuetronics expects to benefit from the growth momentum of its major customers as well as the leveraging of its business development network to explore new business opportunities.

Anchoring on its strong design and development capabilities, Valuetronics has built solid relationships with customers over the years. In addition, the Group's one-stop service to customers provides them the integrated support for the assembly of the full product from design and development, printed circuit board assembly ("PCBA") to a full box-build assembly as well as supply chain management.

Today, the Group's intimate customer relationships exist because Valuetronics is a value-added partner, which is demonstrated by it being highly involved in the designing and manufacturing engineering process of its OEM customers' products. This resulted in the blurring differentiation between services provided to the OEM and ODM customers.

As Valuetronics celebrates **20 years of excellence**, it is an opportune time to reflect on our progress and the strong fundamentals that have driven the Company since its inception. We have **grown together** with our **customers**, and have established **long term relationships** with them, some more than 10 years. These customers view us as a partner because of the **value-added services** that we offer, due to our s**trong design**, **development**, and **manufacturing capabilities**.

As more OEM customers recognise Valuetronics' design and engineering competencies, they begin to rely on its expertise in designing for manufacturing instead of the mere provision of basic manufacturing services, so as to continually enhance their product portfolio. Moving forward, broad OEM and ODM classifications of the Group's performance may not sufficiently represent the Group's EMS business. As such, the Group will be looking at refining the classifications for its EMS business segments so as to better reflect the true nature of its business performance.

Licensing segment

Valuetronics is able to capitalise on its expertise in design and experience in manufacturing to further extend the value chain. Going one notch above the ODM business, the Group went into the licensing business so as to be involved in product brand management, marketing and sales and distribution activities. Products in the licensing business include air purifiers, heaters and fans.

Since acquiring the licensing agreement in 2010, the Group have debuted these products with the exclusive rights to use Whirlpool, Maytag and Amana brands in the North American market and made an approximately three-fold increase in revenue as compared to FY2011.

The Group is also pleased to update that these products had been successfully placed into different retail channels ranging from specialty stores, regional discount stores, to mass retailers, departmental stores and hardware supply stores.

The Licensing business team will continue to focus on broadening its customer base and distribution channels in the North American market. Valuetronics believes that this business will continue to grow and generate profitable returns over time with healthy margins.

Lean manufacturing for greater productivity and efficiency

value

OPERATIONS REVIEW

20th Anniversary

As Valuetronics celebrates 20 years of excellence, it is an opportune time to reflect on our progress and the strong fundamentals that have driven the Company since its inception. We have grown together with our customers, and have established long term relationships with them, some more than 10 years. These customers view us as a partner because of the value-added services that we offer, due to our strong design, development, and manufacturing capabilities.

Today, we are a leading design and manufacturing partner for some of the world's leading consumer and industrial brands, with a strong team of more than 4,000 employees. 20th anniversary celebrations were held with the staff to reward them for their hard work and to especially thank those employees who have served more than 10 years with the Company.

In commemoration, the Group also held a tree planting ceremony with its staff on its factory premises. A tree symbolises the Group's living spirit of excellence and growth in the coming years, which is made possible by its strong roots in strong fundamentals and core values.

Manufacturing Improvements

With the LMP implemented company-wide, the Group has also started to further enhance its manufacturing processes in April 2011 with the implementation of a Manufacturing Execution System ("MES") on a few manufacturing projects. The objective of the MES is to further improve manufacturing process controls and the overall quality assurance of the manufacturing process. The MES increases the transparency of manufacturing processes and improves product traceability tracking, right down to the batch number and week of production. This will further enhance our customers' confidence over the manufacturing process for their products in terms of quality assurance and control. We will extend the MES to cover most of the manufacturing projects over the course of the new financial year making it part of further added value that we bring to our customers, which gives us a competitive edge over other contract manufacturers.

Human Resources

It was the rising minimum wages implemented by the Chinese government that gave the Group the added impetus to evaluate its efforts on productivity and look into process automation. As the result, the Group today is more productive and efficient after adopting cell manufacturing under the LMP, which had reduced unit production time. In order for employees to enhance their skills for LMP, they are provided regular in-house technical lessons and on-the-go skills training to enhance their productivity.

The Group believes in growing the Company together with the employees, and recognises that every employee is an asset to the Company. It employs various HR strategies to attract and retain good staff. Besides the appropriate remuneration, the Group also has an employee welfare committee and employee care centre.

Value

Understanding of customer needs

In terms of welfare, the Group conducts regular celebrations with staff especially during Chinese New Year ("CNY"), Labour Festival and Mid-Autumn Festival. Employees are treated like family as they congregate and enjoy traditional food and festivities together and red packets are also given out to them during CNY. The annual Spring Dinner and performance shows are also bonding opportunity for the employees.

There are also a variety of sporting activities organised for the employees throughout the year, which include but not limited to table tennis, badminton, pool and basketball games. There are also other recreational activities like gardening clubs, karaoke competitions, street dancing and tug-of-wars. These activities build up camaraderie among the staff and the Group further boosts worker morale via employees' birthdays that are celebrated once every month.

The Group believes that employees form the backbone of the Company and strives to reward their efforts accordingly. Employee remuneration packages are in line with industry standards, with an annual review in place to encourage further self-improvement to increase work capabilities. Bonuses are also awarded to employees based on individual and overall performance of the Group for that year. There are also employees share options scheme and performance share plans, which are granted to eligible employees as a reward for which their contribution, thereby aligning them with shareholders' interests as well.

Outlook

The continued uncertainties in the global economic outlook, with the Europe sovereign debt crisis together with the anaemic economic growth in the United States continue to drag the recovery of global economy and consumer spending. These external conditions, combined with recurrent operational challenges such as cost pressures, an appreciation in Renminbi, higher labour costs and inflation in the PRC, continue to make the manufacturing industry's operating environment challenging in 2012.

During FY2012, the Group continued to benefit from the vigorous demand and growth from its major OEM customers, which compensated for the slowdown in demand from some other OEM and ODM customers. The Group is expected to benefit from the growth momentum from these customers. The Licensing business also made meaningful revenue contribution to the Group, which amounted to HK$90.3 million. The Licensing business' sales and marketing team will continue their efforts to explore and penetrate the North American market with our existing product portfolio.

The Group will continue to remain vigilant in monitoring market developments and will continue with our efforts in improving our fundamentals, which include our design and development capabilities, production efficiencies and inventory management. These fundamentals will continue to allow us to weather economic storms better.

KEY MILESTONES

Major achievements in last 20 years

1992

- Incorporated and headquartered in Hong Kong with manufacturing facilities established under the Processing Arrangement in Guangdong Province, PRC

2002

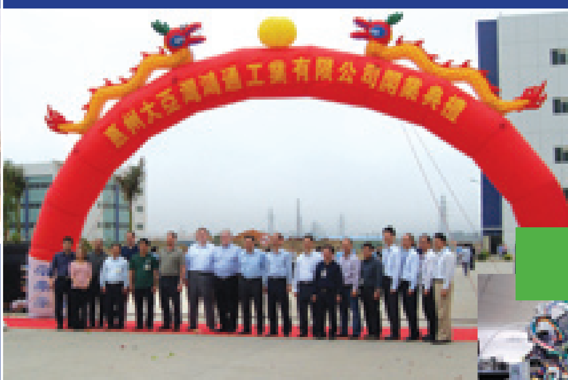
- Use of ROHS equipment and accredited with TL9000

2008

- Completed construction of the Phase 1 of Daya Bay Facility and commenced systematic project transfers of major customers to the facility

2009

- Completed relocation of back office functions including general management, computer and engineering centres to Daya Bay Facility
- Acquired In Vitro Diagnostic ("IVD") medical equipment co-developer and manufacturer and completed pilot shipment of IVD equipment



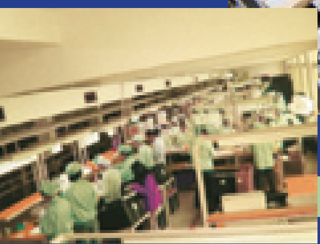
Value Expertise and Experience

2003

- Adoption of work cell management and updated to ISO9001:2000

2007

- Listed on SGX-Mainboard
- Commenced construction for the 35,000 sqm production area of Phase 1 of the Daya Bay Facility



2010

- Signed the first licensing agreement for its exclusive right to use established international brands for portable air purifier in the North American market

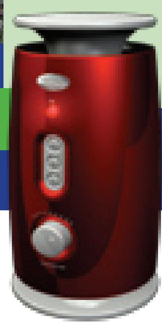
- Implemented Lean Manufacturing Programme to improve production efficiency and process automation

2011

- Signed the second licensing agreement for its exclusive right to use established international brands for electric fans and heaters in the North American market

2012

- Celebration of 20th anniversary



BOARD OF DIRECTORS

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 20 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 25 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.

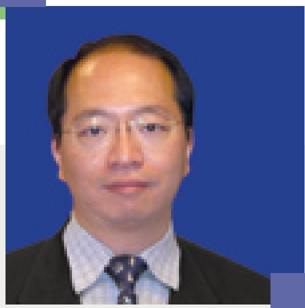
Mr Hung has over 40 years of experience in the electronics manufacturing industry. He holds a Diploma in Small Company Management from the Chinese University of Hong Kong, a Certificate in Operations Planning and Control from the University of Hong Kong, a Certificate in Design of Productive Systems 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 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 ("MIT"), a SGX Mainboard listed 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. Apart from MIT, he also sits on the boards of a number of publicly-listed companies in Singapore such as Metal Component Engineering Ltd and Fastube 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
(Resigned on 31 August 2011)

Siu Ping Kwong was appointed as an Independent Director of our Company on 6 February 2007 and resigned on 31 August 2011. Mr Siu has over 25 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.

WU TAK LUNG
Independent Director
(Appointed on 31 August 2011)

Mr Wu Tak Lung was appointed as an Independent Director of our Company on 31 August 2011. He is an independent non-executive director of China Water Industry Group Limited and Aupu Group Holding Company Limited, all of which are listed on the Stock Exchange of Hong Kong Limited. Mr Wu has worked in an international audit firm, Deloitte Touche Tohmatsu, for five years, and then served several listed companies in Hong Kong and had served as head of corporate finance, chief financial officer and executive director. Mr Wu obtained a master's degree in Business Administration jointly awarded by the University of Manchester and the University of Wales in 2001. Mr Wu is a fellow member of the Association of Chartered Certified Accountants, Hong Kong Institute of Chartered Secretaries and the Taxation Institute of Hong Kong. He is also a member of the Hong Kong Securities Institute and an associate member of the Hong Kong Institute of Certified Public Accountants.

KEY MANAGEMENT

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 35 years of experience in plastic injection moulding and holds a Bachelor of Engineering degree from Shanghai Jiao Tong University, PRC.

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, jointly issued by City University of Hong Kong and Ralong Business Technology Academy in 2006, 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.

MR HUANG JIAN YUAN
Vice President, Operations (Effective on 1 April 2012)

Huang Jian Yuan joined our Group in September 2007 as Operations Manager and promoted to Vice President, Operations in April 2012. He now oversees the 2 sites of factory operations in our Group. His areas of responsibilities include Production management, Manufacturing engineering, Production Control, Warehouse/Logistics, LEAN/ Best Practices , Training, Quality Management , Human Resources administration and Campus/ Facilities administration.

Mr Huang has more than 20 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 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, marketing 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 the overall business management for one of the Group's business units. He drives the strategy and effectiveness of the business unit with different functional team members to meet the Group's objectives.

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 business management for one of the Group's business units.

Mr Yip has over 19 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 TONY KWONG WAN KIT

Group Financial Controller

Tony Kwong joined our Group in June 2010 as Group Financial Controller and he is responsible for overseeing the Group's finance and accounting functions.

Mr Kwong has more than 12 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. He is also experienced in initial public offerings and merger and acquisitions engagements. Mr Kwong is a Fellow of the Association of Chartered Certified Accountants and 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.

MS MICHELLE LIM AI HUANG

General Manager, Licensing Business
(Resigned on 4 May 2012)

Michelle Lim was appointed as the General Manager of Master Brands HK Limited in July 2010. She was 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 27 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 member of many US regulatory standards, industry and government committees, along with receiving 72 patents applied in the home comfort industry.

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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive:

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

Independent and Non-Executive:

Chow Kok Kee (Lead Independent Director)
Lim Chin Tong
Siu Ping Kwong (Resigned on 31 August 2011)
Wu Tak Lung (Appointed on 31 August 2011)

AUDIT COMMITTEE

Chow Kok Kee (Chairman)
Lim Chin Tong
Siu Ping Kwong (Ceased on 31 August 2011)
Wu Tak Lung (Appointed on 31 August 2011)

NOMINATING COMMITTEE

Lim Chin Tong (Appointed as Chairman on 31 August 2011)
Siu Ping Kwong (Chairman) (Ceased on 31 August 2011)
Chow Kok Kee
Wu Tak Lung (Appointed on 31 August 2011)

REMUNERATION COMMITTEE

Lim Chin Tong (Chairman)
Chow Kok Kee
Siu Ping Kwong (Ceased on 31 August 2011)
Wu Tak Lung (Appointed on 31 August 2011)

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.

CORPORATE GOVERNANCE REPORT

Valuetronics Holdings Limited (the "Company") and its subsidiaries (together, "the Group") are committed to setting and maintaining high standards of corporate governance within the Group so as to preserve and enhance the interests of all shareholders. The Board and management firmly believe that good corporate governance is key to the integrity of the Group and fundamental to the long-term sustainability of the Group's business and performance. The Group has adopted the recommendations of the Code of Corporate Governance (the "Code").

This Corporate Governance Report (the "report") describes the Company's corporate governance practices with specific reference to each of the principles set out in the Code. Unless otherwise stated in the report below, the Company confirms that it has adhered and complied with the principles and guidelines set out in the Code.

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. The Board is responsible for risk management and also evaluates the adequacy of internal controls and risk management of the Group.

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 FY2012	4	4	1	2
Executive Director				
Tse Chong Hing	4	N/A	N/A	N/A
Chow Kok Kit	4	N/A	N/A	N/A
Hung Kai Wing	4	N/A	N/A	N/A
Independent Director				
Chow Kok Kee	4	4	1	2
Lim Chin Tong	4	4	1	2
Siu Ping Kwong (note 1)	2	2	1	2
Wu Tak Lung (note 2)	2	2	N/A	N/A

Notes –

1. Siu Ping Kwong resigned as an Independent Director of the Company on 31 August 2011.
2. Wu Tak Lung was appointed as an Independent Director of the Company on 31 August 2011.

Orientations are organized for new Directors, when appointed, that include briefing by management on the Group's structure, businesses, operations and governance policies. The Board is updated on amendments/requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), industry developments as well as statutory and regulatory requirements, where relevant, from time to time.

New Directors 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 currently comprises 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	18 July 2011	-	-	-
Hung Kai Wing	Executive Director	25 August 2006	18 July 2011	-	-	-
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	Chairman (Appointed on 31 August 2011)	Chairman
Siu Ping Kwong	Independent Director	6 February 2007	Resigned on 31 August 2011	Member (Ceased on 31 August 2011)	Chairman (Ceased on 31 August 2011)	Member (Ceased on 31 August 2011)
Wu Tak Lung	Independent Director	31 August 2011	N/A	Member	Member	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 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 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, Managing Director 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 (Ceased on 31 August 2011)
Lim Chin Tong (Appointed as Chairman on 31 August 2011)
Chow Kok Kee
Wu Tak Lung (Appointed on 31 August 2011)

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

The responsibilities of NC, in accordance with written terms of reference duly adopted by the Board, are as follows:

a) to review the structure, size and composition of the Board;
b) to determine and assess the Director's independence;
c) to make recommendations to the Board on all board appointments;
d) to recommend the nomination of Directors retiring by rotation to be put forward for re-election;
e) to assess the effectiveness of the Board as a whole and the contribution of each of the Directors to the effectiveness of the Board; and
f) where a Director has multiple board representations, to determine if the Director is able to carry out and / or has adequately carried out his duties as a Director of the Company.

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. Newly appointed Directors will retire at the next AGM following their appointments.

The NC has recommended the nominations of Mr Chow Kok Kee, Mr Lim Chin Tong and Mr Wu Tak Lung 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 Wu Tak Lung 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 FY2012 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 (Ceased on 31 August 2011)
Wu Tak Lung (Appointed on 31 August 2011)

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 agreements. 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 Employee Share Option Scheme and the Performance Share Plan which 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 executive, the pay and employment conditions within the same industry and in comparable companies as well as the Company's performance and that of the individual are taken into account.

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 that the Directors' fees for the year ending 31 March 2013 will remain at S$176,000 and to be paid quarterly in arrears. This recommendation will be tabled for shareholders' approval at the forthcoming AGM.

Principle 9: Disclosure of Remuneration

The breakdown of Directors' remuneration for the financial year ended 31 March 2012 is set out below:

	Salary %	Bonus %	Fee %	Benefits* %	Total %
Remuneration Band and Name of Director					
Below SG$250,000					
Chow Kok Kee	-	-	93%	7%	100%
Lim Chin Tong	-	-	92%	8%	100%
Wu Tak Lung (Appointed on 31 August 2011)	-	-	100%	-	100%
Siu Ping Kwong (Resigned on 31 August 2011)	-	-	82%	18%	100%
Between SG$1,000,000 – SG$1,250,000					
Chow Kok Kit	22%	63%	-	15%	100%
Hung Kai Wing	22%	62%	-	16%	100%
Between SG$1,500,000 – SG$1,750,000					
Tse Chong Hing	23%	69%	-	8%	100%

* Share-based payments is included in the column "Benefits" above.

The remunerations of the top 5 key executives of the Group (who are not Directors) fall within the following bands:

	Salary %	Bonus %	Fee %	Benefits* %	Total %
Remuneration Band and Name of Key Executive					
Below SG$250,000					
Ho Yam Hin	78%	20%	-	2%	100%
Huang Jian Yuan	67%	20%	-	13%	100%
Walter G Birdsell	100%	-	-	-	100%
Between SG$250,000 – SG$500,000					
Loic Meston	61%	28%	-	11%	100%
Between SG$500,000 – SG$750,000					
Wong Hing Kwai	11%	89%	-	-	100%

* Share-based payments is included in the column "Benefits" above.

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

The Company has in place two share schemes in the form of the Share Option Scheme ("ESOS") and the 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, balanced and understandable assessment of the Group's performance, financial position and prospects, including interim and other price sensitive public reports, and reports to regulators (if required).

The Board has taken adequate steps to ensure compliance with legislative and regulatory requirements, including without limitation, the listing rules of the SGX-ST. Prompt fulfilment of statutory reporting requirements is one way to maintain shareholders' confidence and trust in the capability and integrity of the Company. Management provides all members of the Board with appropriate detailed management accounts and such explanation and information on a monthly basis and as and when the Board may require to enable the Board to make an informed assessment of the Group's performance, financial position and prospects.

Principle 11: Audit Committee

The AC is regulated by a set of written terms of reference which clearly sets out its authority and duties. The AC comprises three Independent Directors:

Chow Kok Kee, Chairman
Lim Chin Tong
Siu Ping Kwong (Ceased on 31 August 2011)
Wu Tak Lung (Appointed on 31 August 2011)

The Chairman and the members of the AC are appropriately qualified to discharge their responsibilities. They have financial management expertise or experience.

The operation of the AC is in accordance with written terms of reference duly adopted by the Board. The AC has explicit authority to investigate any matters within its terms of reference, full access to and the co-operation by 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 key functions of the AC, amongst others, are: -

a) to review the scope and result of the external audit and its cost effectiveness and the independence and objectivity of the External Auditors;
b) to review 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;
c) to report to the Board the adequacy and effectiveness of the Group's internal controls, including financial, operational and compliance and matters requiring attention of the Board;
d) to evaluate the Group's system of internal controls with the External Auditors and assesses the effectiveness and adequacy of internal accounting and financial control procedures;
e) to review Interested Persons Transactions and report its findings to the Board; and
f) to review and make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the External Auditors, and to approve their remunerations and terms of engagement.

The Company's External Auditors and Internal Auditors report their findings and recommendations to the AC independently. The AC met with the External Auditors 2 times and with the Internal Auditors 2 times during the year. The AC met with External Auditors and Internal Auditors without the presence of management in respect of the Group's FY2012 audit.

The Company's External Auditors, RSM Nelson Wheeler ("RSM Nelson") did not provide any non-audit service for the year ended 31 March 2012. The aggregate amount of audit service fee paid to RSM Nelson for the year ended 31 March 2012 is HK$740,000.

The Company and its subsidiaries were audited by RSM Nelson. Accordingly, the Company complied with Rule 715 of the SGX-ST Listing Manual.

RSM Nelson is not registered with the Accounting and Corporate Regulatory Authority of Singapore ("ACRA"), as required under Rule 712(2)(a) of the SGX-ST Listing Manual.

In order to continue to tap on the intimate knowledge and experience of RSM Nelson pertaining to the Company and the Group, and at the same time comply with the requirements of the SGX-ST in relation to the appointment of an audit firm, the AC has recommended the appointment of RSM Nelson and RSM Chio Lim LLP ("RSM Chio Lim") as joint auditors of the Company at the forthcoming AGM.

RSM Nelson and RSM Chio Lim have confirmed that RSM Nelson and RSM Cho Lim are the Hong Kong and Singapore member firms of RSM International respectively. Formed in 1964, RSM International is currently the sixth largest network of independent accounting and consulting firms worldwide, with around 700 offices in over 85 countries, with more than 32,500 people.

Principles 12 & 13: Internal Controls and Internal Audit

The Group has established a system of internal controls to address the financial, operational and compliance risks of the Group. Management 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. Based on the internal controls established and maintained by the Group, work performed by the Internal and External Auditors, and the reviews performed by management and various Board Committees, the Board, with the concurrence of the AC, is of the opinion that, as at the date of this report, the Group's internal controls, which address the Group's financial, operational and compliance risks, are adequate in its current business environment.

The system of internal controls provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

However, the Board recognises that no system of internal control can provide absolute assurance against the occurrence of material financial misstatements or losses, poor judgment in decision-making, human errors, fraud or other irregularities.

The Company's Internal Auditors, PricewaterhouseCoopers, have unrestricted access to all records, properties, functions and co-operation from the Board, the AC, management and staff, as necessary, to effectively discharge its responsibilities. The Internal Auditors conduct independent reviews, assessment and follow-up procedures on the Group's financial, operational and compliance controls, and report the remediation status to the AC. The Internal Auditors' internal audit reports are submitted to the AC for deliberation with copies of these reports extended to the members of the Board and the relevant senior management officers. In addition, the Internal Auditors' summary of findings and recommendations are discussed at the AC meetings.

The Internal Auditors had during the course of their audit performed tests over operating effectiveness of certain controls and made some observations on internal controls and proposed recommendations to assist management in reducing risks and improving operational efficiency and effectiveness in the areas reviewed. Action plans to address these observations have been put in place.

With the assistance from the Internal Auditors, management had conducted an exercise to identify key risks for the Group and will review and update key risks in the context of the current environment with a view to establishing a risk management framework to continuously monitor, control and manage such risks.

Based on the Group's internal controls framework and the reviews conducted by the Internal and External Auditors, the AC is in the opinion that there are adequate internal controls in place within the Group addressing material financial, operational and compliance risks.

The Group has in place a Whistle-Blowing Policy whereby staff of the Group can raise in good faith and in confidence, any concerns about 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.

COMMUNICATION WITH SHAREHOLDERS

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

The Board recognises the importance and is aware of its obligations in providing regular, effective and fair communication with shareholders. It provides prompt, consistent and relevant information with regard to the Company's corporate developments and financial performance, fully compliant with its continuous disclosure obligations prescribed under the Code and the Listing Manual of the SGX-ST. The Group's policy is that all shareholders should be equally and timely informed of all major developments and events that impact the Group. 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 Group's "black-out" period is in accordance with that prescribed by the SGX-ST's Listing Rule 1207 (19) in that the Directors, officers and other employees of the Group, who have access to price-sensitive and confidential information should not deal in securities of the Company during the periods commencing at least 2 weeks before the announcement of each of the Group's quarterly financial results and one month before the announcement of the Group's full-year results. The black-out period ends on the date of the announcement of the relevant results.

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 review and approval of IPTs. The AC has reviewed the rationale and terms of the Group's IPTs and is of the view that the IPTs are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

Save as disclosed in the consolidated financial statements, the aggregate value of all approved IPTs conducted during the financial year ended 31 March 2012 (excluding transactions less than SG$100,000), are set out below:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than SG$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	
	Year ended 31 March 2012 HK$'000	Year ended 31 March 2011 HK$'000
Purchase of goods from Nicecon Limited, which is beneficially owned by the brother of Mr. Chow Kok Kit	3,083	3,946

The Company does not have a Shareholders' Mandate for IPTs.

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.

REPORT OF THE DIRECTORS

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 2012.

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
Wu Tak Lung (Appointed 31 August 2011)	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.

	In the name of Directors		Deemed Interest	
	At 1 April 2011	At 31 March 2012	At 1 April 2011	At 31 March 2012
Name of Directors	Ordinary shares of HK$0.10 each			
Tse Chong Hing	79,296,442	66,206,442	-	-
Chow Kok Kit	74,039,938	62,172,238	-	-
Hung Kai Wing	27,113,437	27,245,737	-	-
Chow Kok Kee	50,000	50,000	-	-
Lim Chin Tong	50,000	50,000	-	-
Wu Tak Lung	-	-	-	-

There was no change in Directors' interests between the end of the financial year and 21 April 2012.

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
Wu Tak Lung

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, 4,900,000 options to subscribe for shares in the Company were granted to the Company's Executive Directors and executives under the Valuetronics ESOS. The Company issued and allotted 1,900,000 new ordinary shares pursuant to the exercise of options during the financial year.

As at 31 March 2012, the Company has the following outstanding share options:

Date of grant	Exercise price	Outstanding at 1 April 2011	Granted	Exercised	Outstanding at 31 March 2012
8 August 2007 (Note1)	S$0.225	800,000	-	(800,000)	-
8 July 2008 (Note2)	S$0.215	800,000	-	(600,000)	200,000
8 July 2008 (Note1)	S$0.175	400,000	-	(300,000)	100,000
27 August 2008 (Note1)	S$0.144	1,200,000	-	-	1,200,000
12 August 2009 (Note1)	S$0.105	2,750,000	-	-	2,750,000
18 August 2010 (Note2)	S$0.184	600,000	-	(200,000)	400,000
18 August 2010 (Note1)	S$0.150	2,400,000	-	-	2,400,000
4 October 2010 (Note1)	S$0.160	1,150,000	-	-	1,150,000
16 August 2011 (Note1)	S$0.174	-	4,900,000	-	4,900,000
Total		**10,100,000**	**4,900,000**	**(1,900,000)**	**13,100,000**

5. **SHARE OPTIONS AND AWARDS** (continued)

(i) **The Valuetronics ESOS** (continued)

Notes:

(1) These Incentive Options were issued at a discount of not more than 20% to the average of the last dealt prices on the Official List of the SGX-ST for the five consecutive Market Days immediately preceding the date of grant of the respective Options.

(2) These Market Options were issued at the market price which was equal to the average of the last dealt prices on the Official List of the SGX-ST for the five consecutive Market Days immediately preceding the date of grant of the respective Options.

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

Name of participant	Options granted during the financial year	Aggregate options granted since commencement of ESOS to end of financial year	Aggregate options exercised since commencement of ESOS to end of financial year	Aggregate options outstanding at end of financial year
Tse Chong Hing	225,000	3,225,000	(500,000)	2,725,000
Chow Kok Kit	700,000	2,800,000	(350,000)	2,450,000
Hung Kai Wing	1,475,000	3,575,000	(350,000)	3,225,000
Chow Kok Kee	-	300,000	-	300,000
Lim Chin Tong	-	300,000	-	300,000
Wu Tak Lung	-	-	-	-
Total	**2,400,000**	**10,200,000**	**(1,200,000)**	**9,000,000**

(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, 1,625,000 Share Awards were granted to the Company's Executive Directors under the Valuetronics PSP. 2,287,500 Share Awards were awarded based on achievement of specific performance targets.

As at 31 March 2012, the Company has the following outstanding Share Awards:

Date of grant	Outstanding at 1 April 2011	Granted	Awarded	Lapsed	Outstanding at 31 March 2012
18 August 2010	2,400,000	-	(2,184,000)	(216,000)	-
4 October 2010	180,000	-	(103,500)	(76,500)	-
16 August 2011	-	1,625,000	-	-	1,625,000
Total	**2,580,000**	**1,625,000**	**(2,287,500)**	**(292,500)**	**1,625,000**

The vesting period of the above Share Awards are 1 year from the date of grant.

5. SHARE OPTIONS AND AWARDS (continued)

(ii) The Valuetronics PSP (continued)

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

Name of participant	Awards granted during the 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	225,000	3,225,000	(910,000)	(90,000)	225,000
Chow Kok Kit	700,000	2,800,000	(637,000)	(63,000)	700,000
Hung Kai Wing	700,000	2,800,000	(637,000)	(63,000)	700,000
Total	**1,625,000**	**8,825,000**	**(2,184,000)**	**(216,000)**	**1,625,000**

6. AUDIT COMMITTEE

The Audit Committee ("AC") comprises three members, all of whom are Independent Directors. The AC members at the date of this report are as follows:

Chow Kok Kee – Chairman of Audit Committee
Lim Chin Tong
Wu Tak Lung

The AC held four meetings since the date of the last Directors' report.

The functions of the AC are disclosed in the Corporate Governance Report.

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.

7. AUDITORS

The Directors of the Company, with the concurrence of the AC, propose the re-appointment of RSM Nelson Wheeler, Certified Public Accountants, Hong Kong ("RSM Nelson") as auditors of the Company and the appointment of RSM Chio Lim LLP, as auditors to act jointly with RSM Nelson, as external auditors of the Company for the financial year ending 31 March 2013 at the forthcoming AGM.

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 25 May 2012, 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	**CHOW KOK KIT**
Chairman	*Executive Director*

8 June 2012

STATEMENT BY DIRECTORS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

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 32 to 74, 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 2012 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
Chairman

CHOW KOK KIT
Executive Director

8 June 2012

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 32 to 74, which comprise the consolidated and Company statements of financial position as at 31 March 2012, 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 2012, 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

8 June 2012

CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

	Note	2012 HK$'000	2011 HK$'000
Revenue	6	**2,378,625**	1,970,434
Cost of sales		**(2,037,503)**	(1,660,742)
Gross profit		**341,122**	309,692
Other income	7	**15,756**	7,668
Selling and distribution costs		**(77,228)**	(68,803)
Administrative expenses		**(133,025)**	(110,297)
Other operating gain			
- write-back impairment loss on assets in respect of flash flood in previous year		**3,688**	-
Profit from operations		**150,313**	138,260
Finance costs	8	**(1,785)**	(1,688)
Profit before tax		**148,528**	136,572
Income tax expense	10	**(18,202)**	(15,333)
Profit for the year	11	**130,326**	121,239
Attributable to:			
Owners of the Company		**130,326**	121,239
Earnings per share (Hong Kong cents)	13		
- Basic		**36.5**	34.2
- Diluted		**36.1**	34.0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

	2012 HK$'000	2011 HK$'000
Profit for the year	**130,326**	121,239
Other comprehensive income:		
Exchange differences on translating foreign operations	**6,614**	4,047
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	**6,614**	4,531
Total comprehensive income for the year	**136,940**	125,770
Attributable to:		
Owners of the Company	**136,940**	125,770

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2012

	Note	The Group 2012 HK$'000	The Group 2011 HK$'000	The Company 2012 HK$'000	The Company 2011 HK$'000
ASSETS					
Non-current assets					
Land use rights	14	**21,261**	20,873	**-**	-
Property, plant and equipment	15	**222,689**	211,538	**-**	-
Goodwill	16	**10**	10	**-**	-
Investments in subsidiaries	17	**-**	-	**83,330**	83,330
Club membership, at cost		**248**	238	**-**	-
		244,208	232,659	**83,330**	83,330
Current assets					
Inventories	18	**204,090**	213,033	**-**	-
Trade receivables	19	**508,120**	430,785	**-**	-
Land use rights	14	**487**	467	**-**	-
Prepayments, deposits and other receivables		**12,503**	18,020	**227**	259
Long term receivables - current portion	20	**248**	238	**-**	-
Due from subsidiaries	17	**-**	-	**183,781**	170,036
Bank and cash balances	21	**263,730**	136,185	**329**	255
		989,178	798,728	**184,337**	170,550
Total assets		**1,233,386**	1,031,387	**267,667**	253,880
EQUITY					
Share capital	22	**35,860**	35,670	**35,860**	35,670
Treasury shares	22	**-**	(778)	**-**	(778)
Reserves	24	**532,515**	441,318	**231,413**	218,744
Total equity		**568,375**	476,210	**267,273**	253,636
LIABILITIES					
Non-current liabilities					
Bank borrowings	25	**11,000**	-	**-**	-
Deferred tax liabilities	26	**3,944**	3,503	**-**	-
		14,944	3,503	**-**	-
Current liabilities					
Trade payables	27	**393,835**	302,400	**-**	-
Accruals, other payables and deposits received	28	**232,102**	196,353	**394**	244
Current tax liabilities		**15,130**	14,906	**-**	-
Bank borrowings	25	**9,000**	38,015	**-**	-
		650,067	551,674	**394**	244
Total liabilities		**665,011**	555,177	**394**	244
Total equity and liabilities		**1,233,386**	1,031,387	**267,667**	253,880
Net current assets		**339,111**	247,054	**183,943**	170,306
Total assets less current liabilities		**583,319**	479,713	**267,273**	253,636

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

	Attributable to owners of the Company									
			Reserves							
	Share capital	Treasury shares	Share premium (note 24(c)(i))	Share-based payment reserve (note 24(c)(iii))	Translation reserve (note 24(c)(iv))	Statutory reserve (note 24(c)(v))	Investment revaluation reserve	Retained earnings	Total reserves	Total equity
	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
Total comprehensive income for the year	-	-	-	-	4,047	-	484	121,239	125,770	125,770
Dividend paid	-	-	-	-	-	-	-	(24,654)	(24,654)	(24,654)
Share-based payments	-	-	-	3,390	-	-	-	-	3,390	3,390
Transfer to statutory reserve	-	-	-	-	-	366	-	(366)	-	-
Issue of shares on exercise of share options (note 22)	170	-	1,653	(317)	-	-	-	-	1,336	1,506
Cash settlement for the awards granted	-	-	-	(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
Representing:										
At 31 March 2011 after proposed final dividend								285,173		
Proposed final dividend (note 12)								49,998		
Attributable to owners of the Company								335,171		
At 1 April 2011	35,670	(778)	87,244	3,566	14,588	749	-	335,171	441,318	476,210
Total comprehensive income for the year	-	-	-	-	6,614	-	-	130,326	136,940	136,940
Dividend paid	-	-	-	-	-	-	-	(49,998)	(49,998)	(49,998)
Share-based payments	-	-	-	4,294	-	-	-	-	4,294	4,294
Transfer to statutory reserve	-	-	-	-	-	449	-	(449)	-	-
Issue of shares on exercise of share options (note 22)	190	-	3,039	(724)	-	-	-	-	2,315	2,505
Cash settlement for the awards granted	-	-	-	(1,576)	-	-	-	-	(1,576)	(1,576)
Lapsed of share-based payments	-	-	-	(371)	-	-	-	371	-	-
Award of treasury shares	-	778	-	(778)	-	-	-	-	(778)	-
At 31 March 2012	35,860	-	90,283	4,411	21,202	1,198	-	415,421	532,515	568,375
Representing:										
At 31 March 2012 after proposed final and special dividends								354,459		
Proposed final and special dividends (note 12)								60,962		
Attributable to owners of the Company								415,421		

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

	2012 HK$'000	2011 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**148,528**	136,572
Adjustments for:		
Amortisation of land use rights	**479**	468
Depreciation	**43,008**	32,742
Equity-settled share-based payments	**4,294**	3,390
Gain on disposals of property, plant and equipment	**(207)**	(946)
Cash settlement for the awards granted	**(1,576)**	(84)
Interest expenses	**467**	654
Interest income	**(408)**	(379)
Operating profit before working capital changes	**194,585**	172,417
Decrease in long term receivables	**-**	1,257
Decrease/(increase) in inventories	**8,943**	(83,151)
Increase in trade receivables	**(77,335)**	(157,122)
Decrease/(increase) in prepayments, deposits and other receivables	**4,450**	(249)
Increase in trade payables	**91,435**	72,627
Increase in accruals, other payables and deposits received	**35,749**	40,384
Cash generated from operations	**257,827**	46,163
Income tax paid	**(17,537)**	(8,171)
Interest paid	**(467)**	(654)
Net cash generated from operating activities	**239,823**	37,338
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposals of available-for-sale financial assets	**-**	15,500
Proceeds from disposals of property, plant and equipment	**337**	998
Purchases of property, plant and equipment	**(48,809)**	(72,859)
Interest received	**408**	379
Net cash used in investing activities	**(48,064)**	(55,982)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	**(49,998)**	(24,654)
Net (repayment)/advance of bank and trust receipt loans	**(38,015)**	38,015
Bank loan raised	**20,000**	-
Proceeds from shares issued in exercise of share options	**2,505**	1,506
Net cash (used in)/generated from financing activities	**(65,508)**	14,867
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**126,251**	(3,777)
Effect of foreign exchange rate changes	**1,294**	63
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	**136,185**	139,899
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	**263,730**	136,185
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	**263,730**	136,185

1. GENERAL INFORMATION

The financial statements of the Group for the financial year ended 31 March 2012 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 17 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 2011. IFRSs comprise International Financial Reporting Standards; International Accounting Standards; 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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) **Consolidation** (continued)

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.

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.

3. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(b) **Business combination and goodwill** (continued)

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.

(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.

3. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(c) **Foreign currency translation** (continued)

(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.

(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; 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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment (continued)

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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.

(s) **Related parties**

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) **Related parties** (continued)

(B) An entity is related to the Group (reporting entity) if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(t) **Impairment of assets**

Intangible assets that have an indefinite useful life or not yet available for use are reviewed annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except 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.

(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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY ESTIMATES (continued)

Key sources of estimation uncertainty (continued)

(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.

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency 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 2012, 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$2,651,000 (2011: HK$2,773,000) higher, arising mainly as a result of the foreign exchange gain on bank balances and trade receivables denominated in US$. 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$2,651,000 (2011: HK$2,773,000) lower, arising mainly as a result of the foreign exchange loss on bank balances and trade receivables denominated in US$.

5. FINANCIAL RISK MANAGEMENT (continued)

(b) **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 2012, the five largest trade receivables represent approximately 87% (2011: 84%) 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 is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(c) **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 2012				
Trade payables	**393,835**	**-**	**-**	**-**
Accruals and other payables	**168,992**	**-**	**-**	**-**
Bank borrowings	**9,648**	**11,137**	**-**	**-**
At 31 March 2011				
Trade payables	302,400	-	-	-
Accruals and other payables	149,469	-	-	-
Bank borrowings	38,172	-	-	-

(d) **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 and bank loan. 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 1.49% (2011: 0.01% to 1.39%) per annum as at 31 March 2012. Other than these bank deposits, the bank balances and bank loan 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 2012, 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$214,000 (2011: HK$82,000) 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$214,000 (2011: HK$82,000) higher, arising mainly as a result of higher interest income on bank balances.

5. FINANCIAL RISK MANAGEMENT (continued)

(e) **Categories of financial instruments at 31 March 2012**

	2012	2011
	HK$'000	HK$'000
Financial assets:		
Loans and receivables (including cash and cash equivalents)	**774,485**	571,463
Financial liabilities:		
Financial liabilities at amortised cost	**582,827**	489,884

(f) **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.

6. REVENUE

	The Group	
	2012	2011
	HK$'000	HK$'000
Sales of goods	**2,378,625**	1,970,434

7. OTHER INCOME

	The Group	
	2012	2011
	HK$'000	HK$'000
Gain on disposals of property, plant and equipment	**207**	946
Net exchange gain	**4,822**	308
Interest income	**408**	379
Tooling and rework income	**5,332**	4,008
Sales of scrap materials	**2,370**	945
Sundry income	**2,617**	1,082
	15,756	7,668

8. FINANCE COSTS

	The Group	
	2012	2011
	HK$'000	HK$'000
Interest on bank loans, bills and bank overdrafts	**467**	654
Bank charges	**1,318**	1,034
	1,785	1,688

9. 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 of 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.

10. INCOME TAX EXPENSE

	The Group	
	2012	2011
	HK$'000	HK$'000
Current Tax - Hong Kong Profits Tax		
Provision for the year	**13,402**	12,242
Current tax - PRC		
Provision for the year	**4,359**	2,572
Deferred tax (note 26)	**441**	519
	18,202	15,333

Hong Kong Profits Tax is provided at 16.5% (2011: 16.5%) based on the assessable profit for the year.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

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% (2011: 25%).

Huizhou Daya Bay Honor Tone Industrial Ltd. ("Daya Bay") and Honor Tone Electronics Technology (Anhui) Limited ("HT Anhui") incurred tax loss for the years ended 31 March 2011 and 31 March 2012 respectively, 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 2012, the aggregate amount of temporary differences relating to the undistributed profits of the Group's PRC subsidiaries amounted to HK$3,718,000 (2011: HK$1,973,000). 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.

10. INCOME TAX EXPENSE (continued)

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	
	2012	2011
	HK$'000	HK$'000
Profit before tax	**148,528**	136,572
Tax at the domestic income tax rate of 16.5% (2011: 16.5%)	**24,507**	22,534
Tax effect of expenses that are not deductible	**1,759**	2,089
Tax effect of income that is not taxable	**(1,518)**	(111)
Tax effect of temporary differences not recognised	**453**	1,663
Tax effect of tax losses not recognised	**7,976**	2,001
Tax effect of utilisation of tax losses not previously recognised	**(1,122)**	(52)
Tax effect of tax concession	**(13,730)**	(13,047)
Effect of different tax rate of subsidiaries operating in other jurisdiction	**(123)**	(165)
Over-provision in current year	**-**	421
Income tax expense	**18,202**	15,333

11. PROFIT FOR THE YEAR

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

	The Group	
	2012	2011
	HK$'000	HK$'000
Depreciation	**43,008**	32,742
Directors' remuneration		
As directors - independent directors		
Fee	**1,091**	919
Equity-settled share-based payments	**93**	173
For management - executive directors		
Salaries, wages, bonus and allowance	**22,526**	21,406
Retirement benefit scheme contributions	**36**	36
Equity-settled share-based payments	**3,281**	2,785
	27,027	25,319
Key management personnel remuneration		
(including remuneration of the executive directors)		
Salaries, wages, bonus and allowances	**35,089**	33,699
Retirement benefit scheme contributions	**96**	95
Equity-settled share-based payments	**3,850**	2,995
	39,035	36,789
Auditors' remuneration	**868**	842
Cost of inventories sold	**1,801,773**	1,464,919
Operating lease charges in respect of leasehold land and buildings (including amortisation of land use rights)	**3,552**	3,141
Gain on derviative financial instruments	**-**	(138)
Staff costs excluding directors' emoluments		
Salaries, wages, bonus and allowances	**204,512**	159,519
Retirement benefit scheme contributions	**8,966**	9,582
Equity-settled share-based payments	**920**	432
	214,398	169,533

12. DIVIDENDS

	The Group and the Company	
	2012	2011
	HK$'000	HK$'000
Proposed but not recognised as liabilities as at 31 March	**60,962**	49,998

On 24 May 2012, a final dividend of HK$0.16 (2011: HK$0.14) and a special dividend of HK$0.01 (2011: HK$Nil) were proposed by the Company to its shareholders in respect of the financial year ended 31 March 2012 (note 37). The proposed dividends are not recognised as liabilities at 31 March 2012 as the proposed dividends are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

13. EARNINGS PER SHARE

Basic 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$130,326,000 (2011: HK$121,239,000) and the weighted average number of ordinary shares of 357,416,273 (2011: 353,984,300) in issue during the year.

Diluted earnings per share

The calculation of diluted 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$130,326,000 (2011: HK$121,239,000) and the weighted average number of oridinary shares of 360,971,025 (2011: 356,794,950), being the weighted average number of ordinary shares of 357,416,273 (2011: 353,984,300) in issue during the year used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 3,554,752 (2011: 2,810,650) assumed to have been issued at no consideration on the deemed exercise of the share options outstanding at the end of the reporting period.

14. LAND USE RIGHTS

	The Group
	HK$'000
Cost	
At 1 April 2010	**22,710**
Exchange differences	**671**
At 31 March 2011 and 1 April 2011	**23,381**
Exchange differences	**982**
At 31 March 2012	**24,363**
Accumulated amortisation	
At 1 April 2010	**1,454**
Charge for the year	**468**
Exchange differences	**119**
At 31 March 2011 and 1 April 2011	**2,041**
Charge for the year	**479**
Exchange differences	**95**
At 31 March 2012	**2,615**
Carrying amount	
At 31 March 2012	**21,748**
At 31 March 2011	**21,340**

14. LAND USE RIGHTS (continued)

The land use rights are held under medium term leases in the PRC.

The following is the analysis of the land use rights for financial reporting purposes:

	The Group	
	2012	2011
	HK$'000	HK$'000
Carrying amount	**21,748**	21,340
Less: Amount to be amortised within one year (shown under current assets)	**(487)**	(467)
Amount to be amortised after one year	**21,261**	20,873

15. 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 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 and 1 April 2011	119,390	187,699	7,098	41,730	12,601	2,791	-	371,309
Additions	732	44,280	477	2,799	350	1,238	-	49,876
Disposals	-	(1,058)	(287)	-	(15)	(619)	-	(1,979)
Exchange differences	4,708	353	4	6	-	49	-	5,120
At 31 March 2012	124,830	231,274	7,292	44,535	12,936	3,459	-	424,326
Accumulated depreciation								
At 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 and 1 April 2011	10,892	113,373	6,445	17,364	9,561	2,136	-	159,771
Charge for the year	4,815	30,246	633	5,353	1,396	565	-	43,008
Written back on disposals	-	(937)	(278)	-	(15)	(619)	-	(1,849)
Exchange differences	503	160	5	1	-	38	-	707
At 31 March 2012	16,210	142,842	6,805	22,718	10,942	2,120	-	201,637
Carrying amount								
At 31 March 2012	108,620	88,432	487	21,817	1,994	1,339	-	222,689
At 31 March 2011	108,498	74,326	653	24,366	3,040	655	-	211,538

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

	The Group	
	2012	2011
	HK$'000	HK$'000
Hong Kong	**4,478**	4,607

16. GOODWILL

	The Group HK$'000
Cost	
At 1 April 2010, 31 March 2011, 1 April 2011 and 31 March 2012	**4,030**
Accumulated impairment losses	
At 1 April 2010, 31 March 2011, 1 April 2011 and 31 March 2012	**4,020**
Carrying amount	
At 31 March 2012	**10**
At 31 March 2011	**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	
	2012 HK$'000	2011 HK$'000
Medical instrument unit of original equipment manufacturer ("OEM") segment	**4,020**	4,020
Licensing business unit of licensing segment	**10**	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.

17. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2012	2011
	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 2012 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
Master Brands HK Limited ("Master Brands") **	7 May 2009 Hong Kong	100%	HK$20,000,000	Trading and provision of business services
The Master Brands Group Corporation ("MBGC") *	30 July 2010 United States of America	100%	Common stock US$1,000,000 (note (c))	Trading and provision of business services
HT Anhui (note (d)) *****	3 November 2010 PRC	100%	Registered capital: US$500,000 (Paid-up capital: US$400,000)	Electronics manufacturing

17. INVESTMENTS IN SUBSIDIARIES (continued)

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 shares of no par value at a consideration of US$1,000,000.

(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 2012 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, were audited by 安慶金惟信會計師事務所 for tax filing and annual registration puroposes.

18. INVENTORIES

	The Group	
	2012	2011
	HK$'000	HK$'000
Raw materials	**67,952**	54,107
Work in progress	**72,642**	55,252
Finished goods	**63,496**	103,674
	204,090	213,033

19. TRADE RECEIVABLES

	The Group	
	2012	2011
	HK$'000	HK$'000
Trade receivables	**508,120**	430,785

19. TRADE RECEIVABLES (continued)

The movement of allowance for receivables is as follows:

	The Group	
	2012	2011
	HK$'000	HK$'000
At 1 April	**-**	22,324
Amounts written off	**-**	(22,324)
At 31 March	**-**	-

As of 31 March 2012, trade receivables of approximately HK$58,973,000 (2011: HK$16,363,000) 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	
	2012	2011
	HK$'000	HK$'000
Up to 3 months	**58,932**	15,337
3 to 6 months	**41**	60
Over 6 months	**-**	966
	58,973	16,363

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

	The Group	
	2012	2011
	HK$'000	HK$'000
US$	**467,414**	407,920
RMB	**40,096**	21,929
HK$	**610**	936
	508,120	430,785

20. LONG TERM RECEIVABLES

	The Group	
	2012	2011
	HK$'000	HK$'000
Long term receivables	**744**	698
Less: Allowance for long term receivables	**(496)**	(460)
	248	238

20. LONG TERM RECEIVABLES (continued)

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

	The Group	
	2012	2011
	HK$'000	HK$'000
At 1 April	**460**	460
Exchange differences	**36**	-
At 31 March	**496**	460

The balances represent receivables placed with vocational training schools managed by 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 carrying amount of the receivables are interest-free, guaranteed by the respective legal representatives of these vocational training schools and repayable as follows:

	The Group	
	2012	2011
	HK$'000	HK$'000
Within one year	248	238

As of 31 March 2012, long term receivables of approximately HK$248,000 (2011: HK$Nil) were past due but not impaired.

21. 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	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
US$	**186,042**	102,771	**4**	125
RMB	**69,960**	26,664	**-**	-
HK$	**6,665**	5,986	**30**	33
Singapore dollars ("S$")	**325**	128	**295**	97
Japanese Yen ("JPY")	**738**	636	**-**	-
	263,730	136,185	**329**	255

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.

22. SHARE CAPITAL

	Number of shares	Amount HK$'000
Authorised		
Ordinary shares of HK$0.1 each		
At 1 April 2010, 31 March 2011, 1 April 2011 and 31 March 2012	**1,900,000,000**	190,000
Issued and fully paid		
Ordinary shares of HK$0.1 each		
At 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 and 1 April 2011	**356,700,000**	35,670
Issue of shares under ESOS	**1,900,000**	190
At 31 March 2012	**358,600,000**	35,860

Note: During the financial year ended 31 March 2012, 1,900,000 (2011: 1,700,000) 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$0.225, S$0.215, S$0.184 and S$0.175 (2011: S$0.215, S$0.175 and S$0.144) for a total cash consideration of S$398,300 (2011: S$264,300). The excess of the subscription consideration received over the nominal values issued, amounted to S$368,085 (2011: S$234,475) which is equivalent to approximately HK$2,315,000 (2011: HK$1,336,000), was credited to the share premium account.

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 2012, 1,174,600 (2011: 1,622,400) 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 23).

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

	2012		2011	
	Number of shares	**Carrying amount HK$'000**	Number of shares	Carrying amount HK$'000
At 1 April	**1,174,600**	**778**	2,797,000	1,853
Awarded during the year	**(1,174,600)**	**(778)**	(1,622,400)	(1,075)
At 31 March	**-**	**-**	1,174,600	778

22. SHARE CAPITAL (continued)

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$20,000,000 (2011: HK$38,015,000) 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 2012, 51% (2011: 49%) of the shares were in public hands.

23. 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.

23. SHARE-BASED PAYMENTS (continued)

(a) Equity-settled ESOS (continued)

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
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$0.150	1,200,000
2011C	18 August 2010	19 August 2012	19 August 2013 to 18 August 2020	S$0.150	1,200,000
2011D	4 October 2010	5 October 2012	5 October 2012 to 4 October 2020	S$0.160	750,000
2011E	4 October 2010	5 October 2012	5 October 2013 to 4 October 2020	S$0.160	400,000
2012A	16 August 2011	17 August 2013	17 August 2013 to 16 August 2021	S$0.174	2,600,000
2012B	16 August 2011	17 August 2013	17 August 2014 to 16 August 2021	S$0.174	2,300,000

23. SHARE-BASED PAYMENTS (continued)

(a) Equity-settled ESOS (continued)

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.

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

	2012 Number of Options	**2012** Weighted average exercise price S$	2011 Number of Options	2011 Weighted average exercise price S$
Outstanding at the beginning of the year	**10,100,000**	**0.153**	7,850,000	0.151
Granted during the year	**4,900,000**	**0.174**	4,150,000	0.158
Forfeited during the year	**-**	**-**	(200,000)	0.195
Exercise during the year	**(1,900,000)**	**0.210**	(1,700,000)	0.155
Outstanding at the end of the year	**13,100,000**	**0.152**	10,100,000	0.153
Exercisable at the end of the year	**3,350,000**	**0.137**	1,800,000	0.215

The weighted average share price at the date of exercise for Options exercised during the year was S$0.283. The Options outstanding at the end of the year have a weighted average remaining contractual life of 8.3 years (2011: 8.2 years) and the exercise price ranged from S$0.105 to S$0.225 (2011: S$0.105 to S$0.225). During the financial year ended 31 March 2012, Options were granted on 16 August 2011 and the estimated fair value of the Options granted on that date is S$501,981. 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.

These fair values were calculated using the Binomial Model. Expected volatility was determined by calculating the historical volatility of the share prices of the Company (2011: 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:

	2012A and 2012B	**2011D and 2011E**	**2011B and 2011C**	**2011A**
Weighted average share price	S$0.225	S$0.225	S$0.190	S$0.190
Exercise price	S$0.174	S$0.160	S$0.150	S$0.184
Expected volatility	71.92%	54.56%	54.55%	54.55%
Expected life	10 years	10 years	10 years	10 years
Risk free rate	1.77%	2.01%	1.89%	1.89%
Expected dividend yield	9.65%	5.46%	6.47%	6.47%

23. 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
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
2012A	16 August 2011	16 August 2011 to 15 August 2012	243,750
2012B	16 August 2011	16 August 2011 to 15 August 2012	1,381,250

Lapsed during the year ended 31 March 2012

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.

23. SHARE-BASED PAYMENTS (continued)

(b) **Equity-settled PSP** (continued)

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

	Number of Award	
	2012	2011
Outstanding at the beginning of the year	**2,580,000**	2,680,000
Granted during the year	**1,625,000**	2,580,000
Awarded during the year	**(2,287,500)**	(1,706,400)
Lapsed during the year	**(292,500)**	(973,600)
Outstanding at the end of the year	**1,625,000**	2,580,000

During the financial year ended 31 March 2012, Awards were granted on 16 August 2011 and the estimated fair value of the Awards granted on that date is S$330,129. 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.

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	
	2012A	2011A
Weighted average share price	**S$0.225**	S$0.19
Expected volatility	**44.029%**	57.419%
Expected life	**1 year**	1 year
Risk free rate	**0.14%**	0.33%
Expected dividend yield	**9.651%**	6.466%

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.

24. 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 24(c) (i)) HK$'000	Contributed surplus (note 24(c) (ii)) HK$'000	Share-based payment reserve (note 24(c) (iii)) HK$'000	Retained earnings HK$'000	Total HK$'000
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 (note 22)	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				10,697	
Proposed final dividend (note 12)				49,998	
Attributable to owners of the Company				60,695	
At 1 April 2011	87,244	67,239	3,566	60,695	218,744
Profit for the year	-	-	-	58,412	58,412
Dividend paid	-	-	-	(49,998)	(49,998)
Share-based payments	-	-	4,294	-	4,294
Issue of shares on exercise of share options (note 22)	3,039	-	(724)	-	2,315
Cash settlement for the awards granted	-	-	(1,576)	-	(1,576)
Lapsed of share-based payments	-	-	(371)	371	-
Award of treasury shares	-	-	(778)	-	(778)
At 31 March 2012	90,283	67,239	4,411	69,480	231,413
Representing:					
At 31 March 2012 after proposed final and special dividends				8,518	
Proposed final and special dividends (note 12)				60,962	
Attributable to owners of the Company				69,480	

24. RESERVES (continued)

(c) **Nature and purpose of reserves**

(i) Share premium

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share 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 set 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.

25. BANK BORROWINGS

	The Group	
	2012 **HK$'000**	2011 HK$'000
Bank loan, secured (note 30)	**20,000**	-
Bank and trust receipt loans, secured (note 30)	**-**	38,015
	20,000	38,015

The borrowings are repayable as follows:

	2012 **HK$'000**	2011 HK$'000
On demand or within one year	**9,000**	38,015
In the second year	**11,000**	-
	20,000	38,015
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(9,000)**	(38,015)
Amount due for settlement after 12 months	**11,000**	-

The carrying amounts of the Group's borrowings are denominated in HK$ (2011: US$).

The average interest rate of the Group's borrowings at 31 March 2012 was 3.05% (2011: 1.85%).

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

26. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities/(assets) recognised by the Group:

The Group	**Accelerated tax depreciation HK$'000**	**Tax losses HK$'000**	**Total HK$'000**
At 1 April 2010	2,984	-	2,984
Charge/(credit) to income statement for the year (note 10)	1,031	(512)	519
At 31 March 2011 and 1 April 2011	4,015	(512)	3,503
Charge to income statement for the year (note 10)	441	-	441
At 31 March 2012	4,456	(512)	3,944

26. DEFERRED TAX LIABILITIES (continued)

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

	The Group	
	2012	2011
	HK$'000	HK$'000
Deferred tax liabilities	**4,456**	4,015
Deferred tax assets	**(512)**	(512)
	3,944	3,503

At the end of the reporting period the Group has unused tax losses of approximately HK$52,353,000 (2011: HK$17,228,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$3,102,000 (2011: HK$3,102,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$49,251,000 (2011: HK$14,126,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK$361,000, HK$3,234,000, HK$2,625,000 and HK$9,362,000 will expire in 2016, 2017, 2018 and 2019 respectivley (2011: HK$374,000, HK$747,000, HK$2,225,000, HK$361,000 and HK$2,625,000 will expire in 2013, 2014, 2015, 2016 and 2018 respectively). Other tax losses may be carried forward indefinitely.

27. TRADE PAYABLES

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

	The Group	
	2012	2011
	HK$'000	HK$'000
US$	**268,284**	140,062
RMB	**14,151**	17,754
HK$	**110,971**	122,459
JPY	**171**	21,810
Others	**258**	315
	393,835	302,400

28. ACCRUALS, OTHER PAYABLES AND DEPOSITS RECEIVED

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Accruals and other payables	**137,151**	119,664	**394**	244
Deposits received	**33,967**	29,547	**-**	-
Staff bonus payable	**15,568**	15,037	**-**	-
Bonus payable to directors	**16,273**	14,768	**-**	-
Provision for sales warranties	**17,808**	12,741	**-**	-
Provision for claims from customers	**11,335**	4,596	**-**	-
	232,102	196,353	**394**	244

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

28. ACCRUALS, OTHER PAYABLES AND DEPOSITS RECEIVED (continued)

The movements of the provisions are as follows:

The Group

	Provision for sales warranties HK$'000	Provision for claims from customers HK$'000	Total HK$'000
At 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 and 1 April 2011	12,741	4,596	17,337
Charge for the year	12,339	8,179	20,518
Reversal for the year	(845)	(1,052)	(1,897)
Realised during the year	(6,427)	(388)	(6,815)
At 31 March 2012	17,808	11,335	29,143

29. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

Additions to property, plant and equipment during the year of HK$1,067,000 (2011: HK$Nil) were prepaid in 2011 and recorded under prepayments, deposits and other receivables.

30. BANKING FACILITIES

At 31 March 2012 and 2011, the banking facilities of the Group were secured by corporate guarantees executed by the Company and two subsidiaries of the Group.

31. CONTINGENT LIABILITIES

At 31 March 2012 and 2011, the Group and the Company did not have any significant contingent liabilities.

32. CAPITAL COMMITMENTS

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

	The Group	
	2012	2011
	HK$'000	HK$'000
Contracted but not provided for:		
Acquisition of property, plant and machinery	**3,266**	1,759

33. LEASE COMMITMENTS

At 31 March 2012, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2012	2011
	HK$'000	HK$'000
Within one year	**1,427**	1,117
In the second to fifth years inclusive	**101**	-
	1,528	1,117

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.

34. 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	
	2012	2011
	HK$'000	HK$'000
Purchases of goods from:		
Nicecon Limited	**3,083**	3,946
KyoEyi Denso Limited	**70**	365
Technical consulting services fee paid to:		
Concord Building Company Limited	**360**	-
Project management fee paid to:		
Concord Building Company Limited	**-**	780

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

	The Group	
	2012	2011
	HK$'000	HK$'000
Trade payables to:		
Nicecon Limited	**567**	1,179
KyoEyi Denso Limited	**-**	49

The Group made certain payments totalled approximately HK$1,000 (2011: HK$8,000) during the year on behalf of KyoEyi Denso Limited which are repayable on monthly basis.

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 2011 and 2012 are disclosed in note 11 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.

35. 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, derivative instruments and deferred tax liabilities. 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 2012				
Segment revenue	**2,010,306**	**304,334**	**90,326**	**2,404,966**
Intersegment revenue	**-**	**(26,341)**	**-**	**(26,341)**
Revenue from external customers	**2,010,306**	**277,993**	**90,326**	**2,378,625**
Segment profit/(loss)	**286,166**	**23,019**	**(23,658)**	**285,527**
As at 31 March 2012				
Segment assets	**457,110**	**28,207**	**24,428**	**509,745**
Segment liabilities	**45,067**	**33,774**	**13,515**	**92,356**

	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

35. SEGMENT INFORMATION (continued)

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

	2012 HK$'000	2011 HK$'000
Revenue		
Consolidated revenue and revenue from external customers	**2,378,625**	1,970,434
Profit or loss		
Total profit or loss of reportable segments	**285,527**	259,965
Elimination of intersegment profits	**(197)**	(1,198)
Unallocated corporate expenses	**(155,004)**	(137,528)
Consolidated profit for the year	**130,326**	121,239
Assets		
Total assets of reportable segments	**509,745**	439,727
Club membership	**248**	238
Unallocated corporate assets	**723,393**	591,422
Consolidated total assets	**1,233,386**	1,031,387
Liabilities		
Total liabilities of reportable segments	**92,356**	68,685
Deferred tax liabilities	**3,944**	3,503
Unallocated corporate liabilities	**568,711**	482,989
Consolidated total liabilities	**665,011**	555,177
Other material items		
Depreciation and amortisation	**43,487**	33,210
Additions of property, plant and equipment	**49,876**	72,859

Geographical information:

	Revenue		Non-current assets	
	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000
United States of America	**917,498**	861,108	**404**	272
PRC	**582,377**	496,138	**243,804**	232,387
Netherlands	**346,594**	269,954	**-**	-
Canada	**158,056**	51,143	**-**	-
Belgium	**87,950**	73,881	**-**	-
Singapore	**65,206**	70,698	**-**	-
Other countries	**220,944**	147,512	**-**	-
Consolidated total	**2,378,625**	1,970,434	**244,208**	232,659

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

35. SEGMENT INFORMATION (continued)

Revenue from major customers

During the year ended 31 March 2012, the Group's external revenue amounting to approximately HK$1,409 million (2011: HK$1,352 million) was generated from two (2011: 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.

36. 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:

	2012 **HK$'000**	2011 HK$'000
Foreign exchange forward contracts - US$/JPY	**-**	10,075

37. EVENTS AFTER THE REPORTING PERIOD

On 24 May 2012, a final dividend of HK$0.16 and a special dividend of HK$0.01 were proposed by the Company to its shareholders in respect of the financial year ended 31 March 2012 (note 12).

SHAREHOLDERS' INFORMATION
AS AT 8 JUNE 2012

Authorised share capital	:	HK$190,000,000
Issued and fully paid-up capital	:	HK$35,860,000
Number of shares issued	:	358,600,000 shares
Number/Percentage of Treasury Shares	:	NIL
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	0.35	3,278	0.00
1,000 - 10,000	606	35.82	4,122,668	1.15
10,001 - 1,000,000	1,054	62.29	64,191,000	17.90
1,000,001 and above	26	1.54	290,283,054	80.95
	1,692	100.00	358,600,000	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	Tse Chong Hing	66,206,442	18.46
2.	Chow Kok Kit	62,172,238	17.34
3.	HSBC (Singapore) Nominees Pte Ltd	38,908,000	10.85
4.	Hung Kai Wing	27,245,737	7.60
5.	Citibank Nominees Singapore Pte Ltd	15,657,000	4.37
6.	DBS Vickers Securities (S) Pte Ltd	12,836,692	3.58
7.	Wong Hing Kwai	10,777,237	3.00
8.	Hong Leong Finance Nominees Pte Ltd	8,441,000	2.35
9.	CIMB Securities (Singapore) Pte Ltd	7,017,000	1.96
10.	UOB Kay Hian Pte Ltd	4,709,773	1.31
11.	OCBC Securities Private Ltd	4,657,000	1.30
12.	United Overseas Bank Nominees Pte Ltd	4,328,000	1.21
13.	Bank of East Asia Nominees Pte Ltd	3,603,000	1.00
14.	Ho Yam Hin	3,439,935	0.96
15.	Phillip Securities Pte Ltd	3,386,000	0.94
16.	Mayban Nominees (S) Pte Ltd	3,368,000	0.94
17.	Tsui Sung Lam	1,900,000	0.53
18.	Lim & Tan Securities Pte Ltd	1,611,000	0.45
19.	Oon Hwee Boon Hazel (Wen Huiwen Hazel)	1,500,000	0.42
20.	Citibank Consumer Nominees Pte Ltd	1,363,000	0.38
		283,127,054	78.95

SHAREHOLDERS' INFORMATION
AS AT 8 JUNE 2012

SUBSTANTIAL SHAREHOLDERS
(As recorded in the Register of Substantial Shareholders)

Name	Direct Interest	%	Deemed Interest	%
Tse Chong Hing	66,206,442	18.46	-	-
Chow Kok Kit	62,172,238	17.34	-	-
Hung Kai Wing	27,245,737	7.60	-	-
Populus Fund[#]	21,555,000	6.01	-	-

[#] Shares are held through Populus Fund sub-custodian, The Hong Kong and Shanghai Banking Corporation Limited, Singapore Branch.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

50.59% 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 M Hotel Singapore, Shenton Room, Basement 1, 81 Anson Road, Singapore 079908 on Tuesday, 17 July 2012 at 10.00 am for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the financial year ended 31 March 2012 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final dividend of HK 16.0 cents and a special dividend of HK 1.0 cent per ordinary share (tax not applicable) for the year ended 31 March 2012 (2011: HK 14.0 cents per ordinary share). **(Resolution 2)**

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

   Chow Kok Kee (Bye-law 104) **(Resolution 3)**
   Lim Chin Tong (Bye-law 104) **(Resolution 4)**
   Wu Tak Lung (Bye-law 107(B)) **(Resolution 5)**

   Chow Kok Kee will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee, and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

   Lim Chin Tong and Wu Tak Lung will, upon re-election as Directors of the Company, remain as members of the Audit Committee, and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

4. To approve the payment of Directors' fees of S$176,000 for the year ending 31 March 2013, to be paid quarterly in arrears at the end of each calendar quarter. (2012: S$176,000). **(Resolution 6)**

5. To re-appoint RSM Nelson Wheeler, Certified Public Accountants, Hong Kong **("RSM Nelson")** as auditors of the Company and to appoint RSM Chio Lim LLP **("RSM Chio Lim")**, as auditors to act jointly with RSM Nelson for the purpose of compliance with Rule 712 of the Listing Manual of the SGX-ST and to authorise the Directors to fix their remuneration.
   [See Explanatory Note (i)] **(Resolution 7)**

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 SGX-ST, authority be given to the Directors to issue ordinary shares in the capital of the Company **("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 (ii)] **(Resolution 8)**

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 (the **"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 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 (iii)] **(Resolution 9)**

9. **Renewal of Share Buyback Mandate – Ordinary Resolution**

THAT:-

(1) the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire from time to time issued Shares not exceeding in aggregate the Prescribed Limit (as defined below), 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) (each a "**Market Purchase"**) on the SGX-ST; and/or

(b) off-market purchase(s) (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme or 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 "**Renewal of the Share Buyback Mandate**");

(2) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Renewal of 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 share in the 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 10)**

By Order of the Board

Shirley Lim Keng San
Hazel Chia Luang Chew
Company Secretaries

Singapore, 29 June 2012

Explanatory Notes:

(i) The Audit Committee has recommended the Ordinary Resolution 7 proposed in item 5 above. Information relating to this proposed Resolution is set out in the Circular dated 29 June 2012.

(ii) The Ordinary Resolution 8 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.

(iii) The Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors, 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.

(iv) The Ordinary Resolution 10 proposed in item 9 above, if passed, will empower the Directors from the date of the above Meeting until the next Annual General Meeting to repurchase 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 29 June 2012.

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.

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