VALUETRONICS HOLDINGS LIMITED
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FORT ENGAGE
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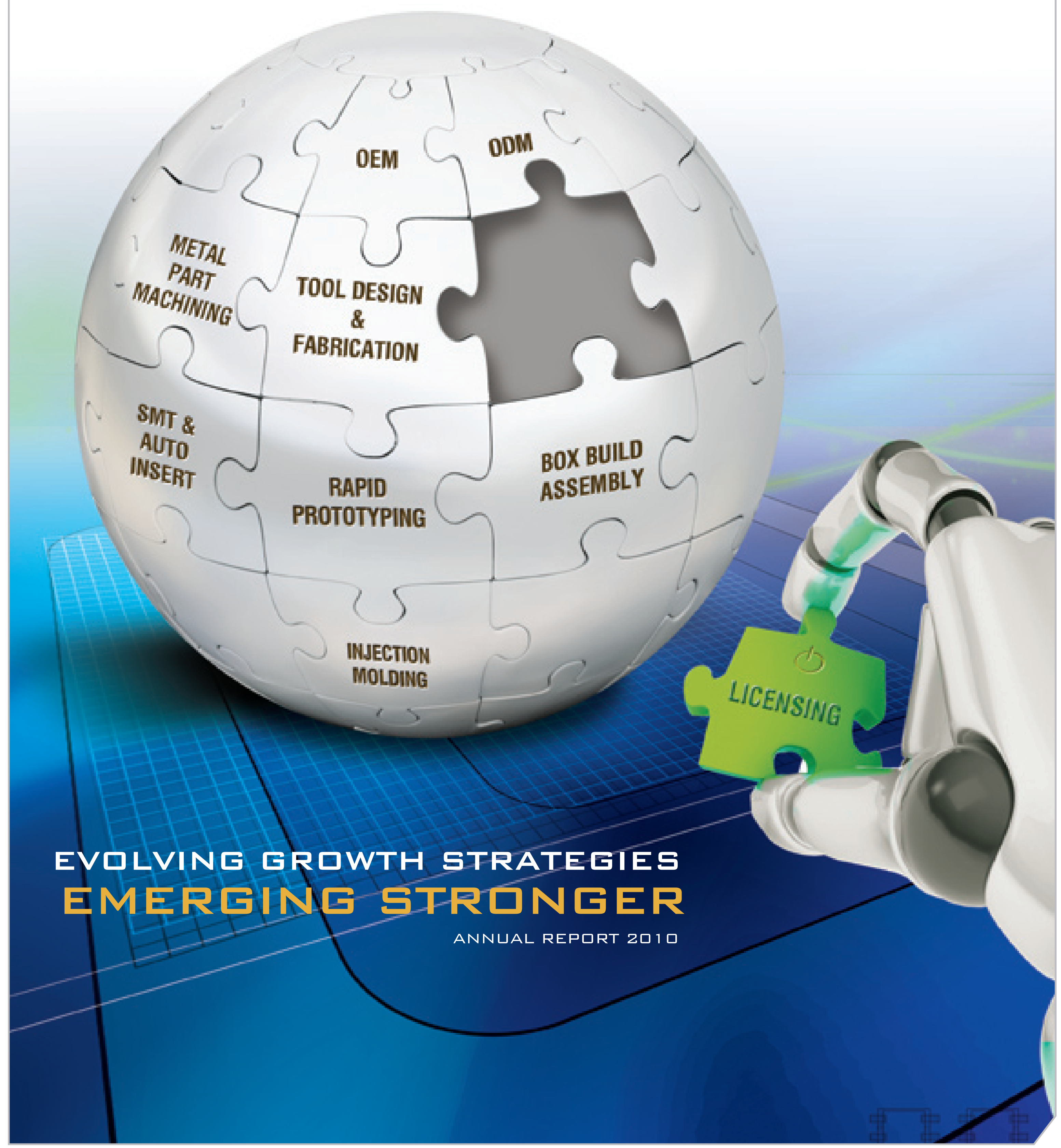
VALUETRONICS HOLDING LIMITED ANNUAL REPORT 2010

VALUETRONICS HOLDINGS LIMITED



EVOLVING GROWTH STRATEGIES
EMERGING STRONGER

ANNUAL REPORT 2010

Driving Growth

Design & Development

We provide mechanical design and co-design for a wide range of customers across many industries. Our comprehensive manufacturing capabilities enable us to accommodate customers' need for volume, mix, complexity, efficiency and quality.

Deliver

Committed to total solutions for our clients, we also have the capabilities to address customers' supply chain management needs.

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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

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

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

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

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

REGISTERED OFFICE
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

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

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

SINGAPORE SHARE TRANSFER AGENT
B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758

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

Partner in charge: Wong Wo Cheung
(with effect from FY2007)

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

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Valuetronics at a Glance

At **Valuetronics**, we believe we are amongst an emerging breed of Electronic Manufacturing Service ("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 OEM to ODM services. Our business has now expanded to encompass the entire value chain, with the acquisition of exclusive licensing rights from a notable home appliances giant to use its established brand names for a portable air purifier appliance in the North American market.

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.

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

Enhancing Our Strategies

I am delighted to report another year of excellent progress and growth. The improved revenues and profits registered for the financial year ended 31 March 2010 ("FY2010"), stood Valuetronics (or the "Group") in good stead, whilst many companies in our industry were adversely affected by by the recent financial meltdown. Our revenue steadily crossed the billion-dollar mark for the first time, registering an 18.3% growth and a higher profit after tax of HK$58.8 million as compared to last financial year ("FY2009").

Since our inception in 1992, we have weathered several economic cycles and crises and have maintained our profitability every year. Whether it was the 1997 Asian Financial Crisis, the 2003 SARS outbreak or the recent global economic crisis, we have hunkered down and tightened our belts and came through each challenge, ever more vigilant and astute. Each time we have emerged stronger, while building up a wealth of experience and a strong business foundation.

Steering Through Economic Turbulence

FY2010 started with a grave concern over a continued global economic crisis that was sparked off by a financial meltdown which spilled over from 2008. Without any exception, our business was affected, especially in the early part of FY2010 as customers were cutting back on orders consequent to the dramatic decrease in end customer demand.

On the operations side, we continued to benefit from the lean cost structure and prudent cash management we have adopted, such as payroll and headcount controls as well as deferral of certain capital expenditures. This has helped us to cope with the challenging business environment during the year under review. On the other hand, increased marketing expenditure and resources were invested to grow the commercial and industrial products segment, which are less susceptible to economic fluctuations, in anticipation of a worsening global business climate since mid 2008.

We have further strengthened our ability to deliver end-to-end services in the value chain, bringing a new dimension of growth as we explore new branding opportunities for new products, and possibly in new markets.

With the unprecedented fiscal and monetary stimulus packages implemented by governments and central banks in many countries, signs of a recovery in the global economy were evident. Despite the pace and rate of a full recovery still being uncertain, the rise in our customers' restocking activities in 3Q FY2010 has suggested confidence in a stronger market demand. With such an encouraging ordering trend, and as such we will be moving ahead with our plans for the construction of a new warehouse and the acquisition of new production equipment for our Daya Bay factory. These expansion plans were originally halted in view of the uncertain market conditions in early FY2010 and moving forward, we have budgeted about HK$40.0 million in capital expenditure for these expansions to support new projects from existing and new customers.

Strategic Enhancement of Business Model

Whilst our primary focus on organic revenue growth, we have made strategic enhancements to our business model while remaining steadfast in pursuing growth in our core Original Equipment Manufacturing ("OEM") and Original Design Manufacturing ("ODM") businesses. Valuetronics is now a total solutions provider covering the whole value chain of activities from branding to manufacturing and all the way to marketing. This change was facilitated at the end of FY2010, as the Group entered into an exclusive licensing arrangement with a renowned household appliance giant to use their established brand names to design, manufacture, market and sell portable air purifier appliances in the North American market.

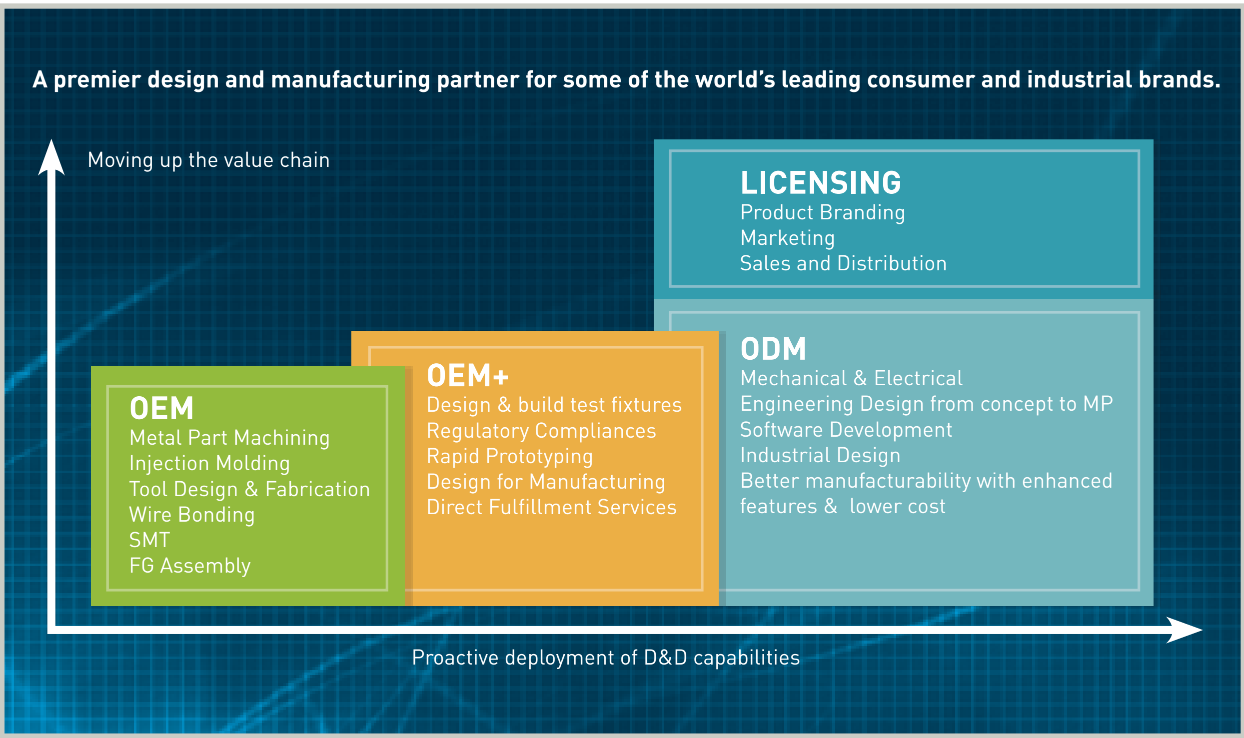
The potential market in North America for portable air purifiers is attractive, with the greater consumer emphasis on cleaner air in homes, schools and workplaces. We have come up with a product roadmap to address the North American market and will be working with local partners while we build up our own in-house sales and marketing team. With the inclusion of brand licensing, our business model is now positioned to deliver greater value. I am happy to update that sales have started registering in first quarter of financial year ending 31 March 2011.

On the medical equipment front, the business was affected by the global financial crisis and has taken more time to grow than originally anticipated when we acquired it at the end of FY2009. Nevertheless, we maintained constant dialogue with our customer and they successfully re-launched their In Vitro Diagnostic ("IVD") medical equipment product into the market in the latter half of FY2010. Since then, orders have resumed and revenue was first recorded in the fourth quarter of FY2010, together with orders up to the third quarter of the next financial year.

In recognition of our capabilities and track record in manufacturing their existing IVD products, we were invited to co-develop their other existing medical equipment products. This presents us with an opportunity to garner new businesses for the Group. Our existing IVD medical equipment production will also act to help showcase our capabilities and provide an inroad to medical equipment business opportunities from other customers.

Confident for the Future

The consistently steady levels of new businesses and existing customers firming up on orders, suggest that the fundamental attraction of customers outsourcing



The Board is confident that our strategies and existing resources will enable us to steer through the challenging business environment and attain sustainable growth similar to yesteryears.

production to EMS partners like us remain. The sales order momentum from customers has been very encouraging in the second half of the year, and we are seeing this momentum prevailing in this financial year. Existing projects such as commercial printing devices will see increases in unit volume this year and there are also several ongoing product development projects in collaboration with customers. These include two hypermarket series of infant electronics products, and a new high end series of countertop household appliances, which will be rolled out over the coming quarters. All these developments bode well for the future.

Our performance and the steps we have taken to sharpen our competitive edge, place us in an advantageous position to support our growth plans. We have further strengthened our ability to deliver end-to-end services in the value chain, bringing a new dimension of growth as we explore new branding opportunities for new products, and possibly in new markets.

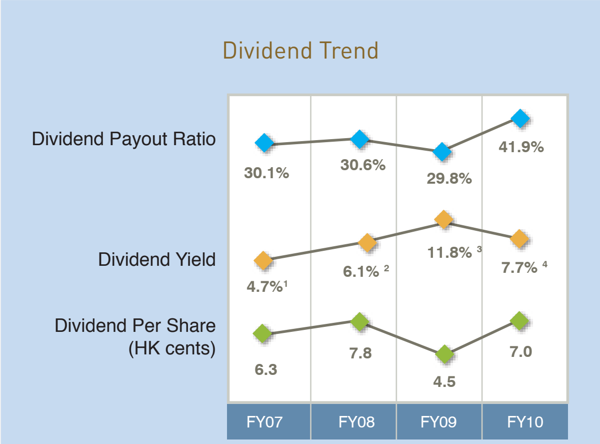
The Board is confident that our strategies and existing resources will enable us to steer through the challenging business environment and attain sustainable growth similar to yesteryears. We continue to enhance operational excellence and engineering capabilities, while protecting the Group's resources through prudent and pragmatic business policies and practices.

In Appreciation

FY2010 was a tough but fruitful year for Valuetronics. On behalf of the Group, I would like to firstly thank each and every one of our employees for their commitment, dedication and hard work that has helped the Group achieved another level of growth despite the challenging business environment.

Secondly, I would like to extend my sincere appreciation and acknowledge the co-operation and support rendered by our business partners, customers, suppliers and business associates in the past year. It had been a very fruitful journey in the last year and the Valuetronics team remains committed to delivering the best support to all our customers and business partners.

Thirdly, my gratitude goes to my fellow Board members for their invaluable advice and guidance which helped the management to direct and shape the work of the Group. Last but not least, I am pleased to announce a proposed final dividend of HK$0.07 per share as a sign of our appreciation for our shareholders' trust and support during this difficult period.



1 Calculated based on exchange rate HK$5.1 = S$1 / share price S$0.265 as at 31 Mar 07
2 Calculated based on exchange rate HK$5.6 = S$1 / share price S$0.230 as at 31 Mar 08
3 Calculated based on exchange rate HK$5.1 = S$1 / share price S$0.075 as at 31 Mar 09
4 Calculated based on exchange rate HK$5.5 = S$1 / share price S$0.165 as at 31 Mar 10

Yours sincerely,

Tse Chong Hing, Ricky
Chairman and Managing Director

		FY 2010 HK$ Million	FY 2009 HK$ Million	FY 2008 HK$ Million	FY 2007 HK$ Million
Revenue	ODM	216.1	165.7	203.7	200.4
	OEM	920.0	794.4	680.5	523.5
	Total	1,136.1	960.1	884.2	723.9
Profit Before Tax	Total	66.1	59.6	100.3	85.4
	Margin (%)	5.8%	6.2%	11.3%	11.8%
Profit After Tax	Total	58.8	53.1	90.5	74.2
	Margin (%)	5.2%	5.5%	10.2%	10.3%
Earnings per Share - Basic	HK Cents	16.7	15.0	25.5	27.4*
Net Asset Value per Share	HK Cents	105.1	92.0	83.8	62.9#

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

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

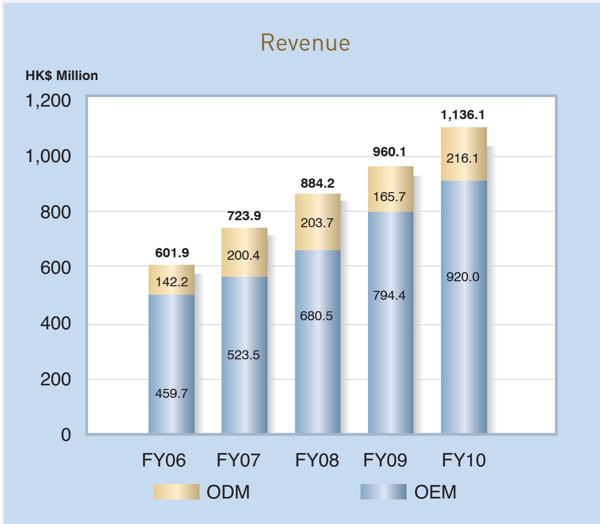
	FY 2010 HK$ Million	FY 2009 HK$ Million	FY 2008 HK$ Million	FY 2007 HK$ Million
Total Assets	767.3	538.1	562.5	460.3
Total Equity	370.3	323.5	297.6	223.1
Total Liabilities	397.0	214.6	264.9	237.2
Cash and Cash Equivalents	139.9	153.5	181.7	176.6

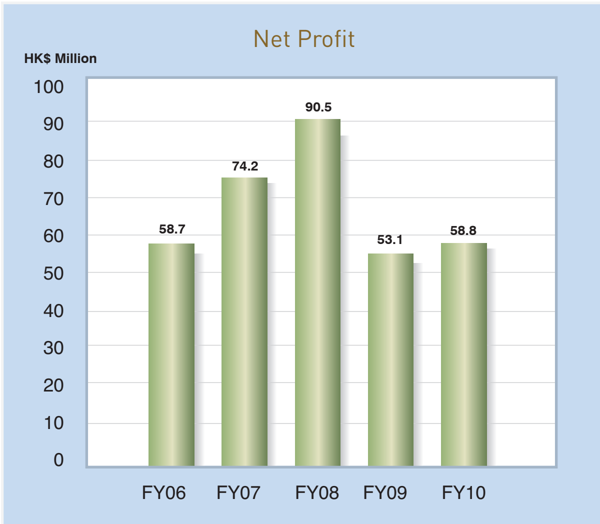
Generating Growth Amidst Challenges

Revenue

Despite the global economic slowdown due to the financial crisis, the Group's FY2010 revenue rose 18.3% to HK$1,136.1 million from HK$960.1 million last year. The growth in revenue was primarily due to the increase in consumer electronics sales in both OEM and ODM segments respectively.

Revenue from the OEM segment rose 15.8% to HK$920.0 million from HK$794.4 million last year. While additional sales from new ODM projects for a Fortune 500 MNC customer contributed to a 30.5% increase in ODM revenue to HK$216.1 million from HK$165.7 million in FY2009.





Gross Profit

In line with the overall growth in revenue, gross profit for FY2010 grew 5.9% from HK$167.5 million in FY2009 to HK$177.3 million. The Group's gross profit margin receded slightly to 15.6% as a result of changes in the sales mix during the year.

Other Income

Other income increased to HK$5.6 million in FY2010 from HK$4.0 million in FY2009. The increase was mainly due to lower exchange difference which arose from the exchange loss of HK$3.7 million last year to a HK$0.2 million exchange gain in FY2010, mainly as a result of the change in the approach to reflect a strengthened Japanese Yen at mark-to-market rates on a monthly basis since middle of this year compared to a quarterly basis at the historical rate in FY2009. The effect was partially offset by lower interest income from HK$2.5 million in FY2009 to HK$0.8 million this year, due to a reduction in placement of principal protected deposits for liquidity purposes and lower interest rates offered by the financial institutions during the year.

Operating Expenses

Selling and distribution costs rose by 92.2% to HK$42.4 million in FY2010 from HK$22.1 million in FY2009. The increase was mainly attributed to additional sales and marketing expenditure and sales commissions payable to our sales representatives as well as higher air freight costs incurred for the restocking orders which came with a shorter than usual lead time since 2Q FY2010. These increased marketing efforts had helped to boost the overall sales of the Group for the year. Administrative expenses on the other hand, decreased by 4.2% to HK$63.9 million this year as compared to HK$66.7 million in FY2009 as a result of Group's continuous effort to control expenses as part of ongoing cost management.

Net other operating loss for the year stood at HK$10.0 million which was mainly in respect of allowance for doubtful debts made in 1QFY2010 for the same customer who had experienced working capital distress since the economic turmoil in 2008. The Group had adopted a conservative and prudent stance to make full provision for the remaining overdue debts from this customer.

Profit After Tax and Earnings Per Share ("EPS")

On a year-on-year basis, profit before tax increased by 10.9% to HK$66.1 million (FY2009: HK$59.6 million). As a result the profit after tax, increased to HK$58.8 million in

The Group closed its FY2010 book with a stronger financial position, as the net asset value per share rose 14.2% to HK 105.1 cents from HK 92.0 cents a year earlier.

Key Financial Ratios

	FY2010	FY2009
Turnover Ratios (Days)		
Inventory Turnover	49	31
Receivables' Turnover	88	39
Payables' Turnover	88	36
Liquidity Ratio		
Current Ratio (x)	1.5	1.7
Returns (%)		
ROE	15.9	16.4
ROA	7.7	9.9
ROCE	17.5	17.5

Statement of Cash Flows (HK$'000)

	FY2010	FY2009
Operating Cash Flows	29,105	94,860
Investing Cash Flows	(26,861)	(93,148)
Financing Cash Flows	(15,828)	(29,886)
+/- in Cash & Cash Equivalents	(13,584)	(28,208)
Cash & Cash Equivalents at Beginning of the FY	153,483	181,691
Cash & Cash Equivalents at the End of the FY	139,899	153,483

FY2010 from HK$53.1 million last year which translated into an outstanding EPS of HK16.7 cents, 11% higher than HK15.0 cents of prior year.

Financial Position

The Group closed its FY2010 book with a stronger financial position, as the net asset value per share rose 14.2% to HK 105.1 cents from HK 92.0 cents a year earlier. With zero bank borrowing, Group's current ratio is hovering at 1.5 times, all pointing to the Group's strong financial position for the financial year under review.

The available-for-sale financial assets increased by HK$1.6 million from HK$13.5 million as at 31 March 2009 to HK$15.1 million as at 31 March 2010, mainly due to increase in the fair value of Senior Notes of Citigroup. All interest receivables are current.

Inventory balance rose substantially from HK$67.1 million in FY2009 to HK$129.9 million in FY2010 in view of the improved general market conditions and sentiments, as customers resumed their orders. The increase was also led by the rise in buffer inventory holding requirements by one of the major customers to meet its spikes in demand.

As the economic climate remains challenging, the Group granted longer payments to two of its major MNC customers who are currently contributing more than 50% in total to the overall revenue. Therefore, and together with the overall increased sales, trade receivables increased from HK$102.4 million as at 31 March 2009 to HK$273.7 million as at 31 March 2010. As a result of the Group's continuous efforts to improve its working capital cycle, the Group's trade payables as of 31 March 2010 increased from HK$77.2 million as at 31 March 2009 to HK$229.8 million in tandem with the increase in trade receivables.

Cash Flows

Notwithstanding that the Group's ability to generate higher operating activities cash flows was impeded by the higher working capital requirements to support additional inventories and trade receivables, prudent cash resource management practices employed in investing and financing activities during the year resulted a similar strong cash positions at HK$139.9 million as at 31 March 2010 compared to HK$153.5 million as at 31 March 2009.

The Group has not invested in any financial derivatives and places most of its bank deposits with authorised institutions in Hong Kong which are fully secured by Hong Kong Government's Exchange Fund until the end of 2010.

Developing Capabilities

As the Group steps into a new avenue of brand licensing, it remains focused on pursuing excellence in execution, innovation and technology in its two core OEM and ODM segments under its existing EMS business.

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

With our strong EMS capabilities coupled with an improving global economic landscape, the Group was able to make strides especially in the following businesses during FY2010:

(a) OEM Business Segment

This business segment's revenue contributed around 80% of total Group revenue in FY2010 with a greater revenue weighting on the energy saving lighting devices segment during the year. With the growing awareness and acceptance of an existing customer's energy-saving LED lighting devices especially in Europe, the Group had gained greater traction of this product series during the year from a professional application to a broader range product series which included economy and dimmable solutions.

With the world becoming increasingly green-conscious, the Group has geared up the production in this product segment to include other niche applications like hardhat lights and high beam spot lights for the next financial year and has also reserved production facilities to cope with increasing demand. Amidst the uneven pace of economic recovery, the Group sees huge potential of this LED lighting product segment as the technology still has much to offer and bodes well for the current global green movement.

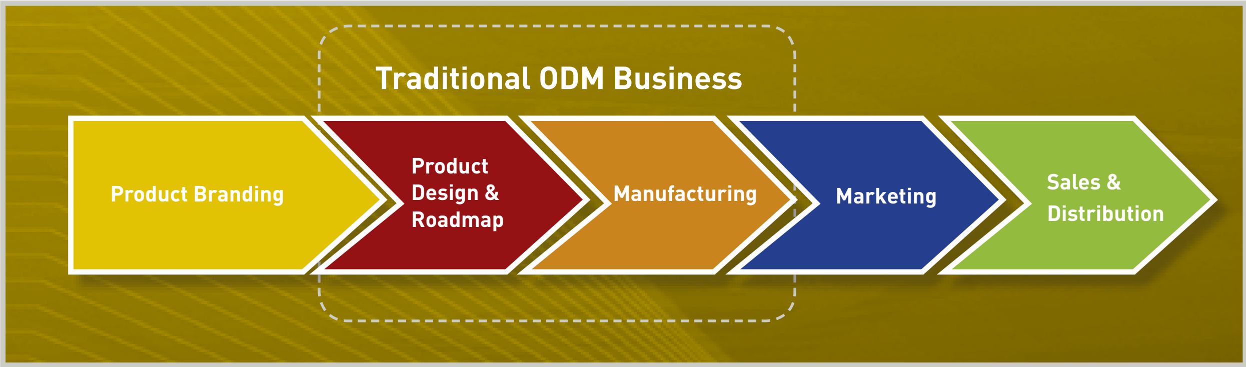
The Group's medical equipment segment, namely its In Vitro Diagnostic ("IVD") product, had moved into the mass production phase during the year with the successful re-launch of the product by the customer. During the year, the Group had successfully transitioned the production from printed circuit board assembly ("PCBA") to complete box-build units of this fully automated 2-microplates analyser.

Besides collaborating with the customer to re-engineer this product, the Group was invited by the customer to co-develop other existing medical equipment products, which may translate into new business for the Group in the near future.

(b) ODM Business Segment

While delivering innovative and quality services, products and solutions over the years, the Group had successfully opened up a direct partnership with a countertop household appliance giant during the year, which contributed major growth to the ODM business segment. In addition, the Group also collaborated with the existing infant electronic products customer to develop a new product range series that includes analog audio and digital applications for its hypermarket target and this went into mass production in 1Q FY2011.

In anticipation of the growing production scales of both product segments coupled with other EMS customers, additional production facilities will be added in 3Q FY2011 to ramp up these strategic focus product segments. The Group would continue to channel resources as needed into the development of these product segments.



(c) Licensing Business Segment

As an extension of its ODM business, the Group has embarked on enhancing its business model to encompass product brand management, marketing and the sales and distribution of goods at the retail level during the year. This was made possible via the acquisition of a licensing arrangement to use established brands of a global household appliances giant for portable air purifier appliance for the North America market. The Group began mass production of the version 1 product series in late FY2010 which started registering sales in 1Q FY2011. New models are scheduled for launch in 3Q and 4Q FY2011, and whilst the revenue base of this product segment is initially small, it is anticipated to grow over time.

To ensure smooth retail channel fulfillment in North America, the Group has appointed a third party logistics services provider which specialises in real time, end-to-end distribution and fulfillment solutions for manufacturers and consumer goods companies while progressively build up its own in-house sales and marketing team. To help with customer service enquiries, the Group had appointed a US call centre which will also take call-in direct orders and provide technical support over the phone.

It is the Group's overall strategy to focus on the development of high-yield product segments, as we believe the existing businesses will provide a well-balanced revenue stream with healthy margins over time.

Human Resource Development

The side effects of the China government's stimulus packages implemented during the economic slowdown, such as its pro-agriculture policy to stem rural to urban migration began to surface. With the improved business sentiments since the second half of FY2010 (i.e. from July to March), the tight workforce supply in Guangdong province where the Group's facilities are situated, has become an operational challenge to the Group.

The Group believes such a tight worker supply during the period from July to March has become a seasonal trend in China for the foreseeable future. To prepare for this challenge, the Group has begun to study the feasibility of transferring certain matured production processes or products to the inner provinces in partnership with vocational institutes who will provide the facilities and manpower.

In pursuing a long term relationship with its workforce, it is the Group's strategy to ensure fair treatment of employees' rights as well as hiring under proper contract terms and paying the appropriate wages. In addition, an employee welfare committee and an employee care centre were also established to further foster a sense of belonging.

To contend with increasing payroll costs as a result of rising minimum wage rates by the China government, the Group has stepped up its efforts in lean manufacturing by further increasing production efficiency and actively looking into process automation opportunities.

As part of its ongoing effort to raise standards across all levels of management and production staff, the Group provides constant in-house technical lessons and on-the-job skills training led by experienced engineering and management staff.

The Group fully recognises the importance of its employees who contribute significantly to the success of the Group. Valuetronics' employee remuneration packages are in line with industry norms and are subject to annual review. Bonuses are awarded to employees based on both individual and the Group's overall performance each year. The Group also has employees' share option schemes and performance share plans, which are granted to eligible employees as a reward for their contribution and so as to align their interests with that of the shareholders.

Looking Ahead

While the results in FY2010 demonstrated Valuetronics' ability in fulfilling market demands and tackling competition, a number of external factors continue to weigh in on the outlook for the coming year.

FY2011 is expected to remain challenging as a result of the uneven pace of economic recovery. Challenges which the Group faces include increasing working capital requirements to cover the extended credit periods and higher buffer inventory holding requirements by its customers, raw material price inflation, a significant increase in China workers' minimum wages and potential appreciation of Renminbi. The assurance of material supplies and longer material ordering lead time would continue to be an issue to the industry in the short term, and the Group is expecting similar consequential supply chain costs to be incurred in FY2011.

On a positive note, amidst the present gloom in the marketplace, the Group's healthy financial position will ensure it is well positioned to take on business opportunities when they arise. While keeping a close watch on productivity and imposing strict cost control measures, the Group intends to strengthen its marketing reach and design capabilities in the US especially for its new licensing business.

Additionally, the Group is strengthening talent headcount in all functions especially in its Programme Management teams who are "Business" and "Customer" focused, so as to ensure customers' requirements are met with high levels of services and satisfaction. This also includes the "Technology" teams who are tasked to diversify and advance the Group's technical capabilities to cover the development of existing and new product segments so as to engender interest from both existing and potential customers.

Valuetronics remains confident that it is well positioned to take advantage of the recovery of the global economy, in the midst of current uncertainty on its sustainability. The Group will continue to work through these cautionary conditions with the objective of maintaining profitability through effective cost and cash management and proactive management of sales opportunities.

Calendar Year

1992
Company was incorporated and headquartered in Hong Kong with manufacturing facilities established under the Processing Arrangement in Guangdong Province, PRC

1993
Operations providing turnkey EMS to OEM customers commenced

1994
Relocated manufacturing facilities to a larger factory in Danshui Town

1995
Accredited with ISO9002:1994

1996
Upgraded and invested in first SMT assembly line

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

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

2000
Acquired plastic injection moulding operations

2002
Accredited with TL9000

2003
Updated to ISO9001:2000

2004
Accredited with ISO1400:1996

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

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

2007
Listed on SGX-Mainboard

Accredited with ISO13485

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

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

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

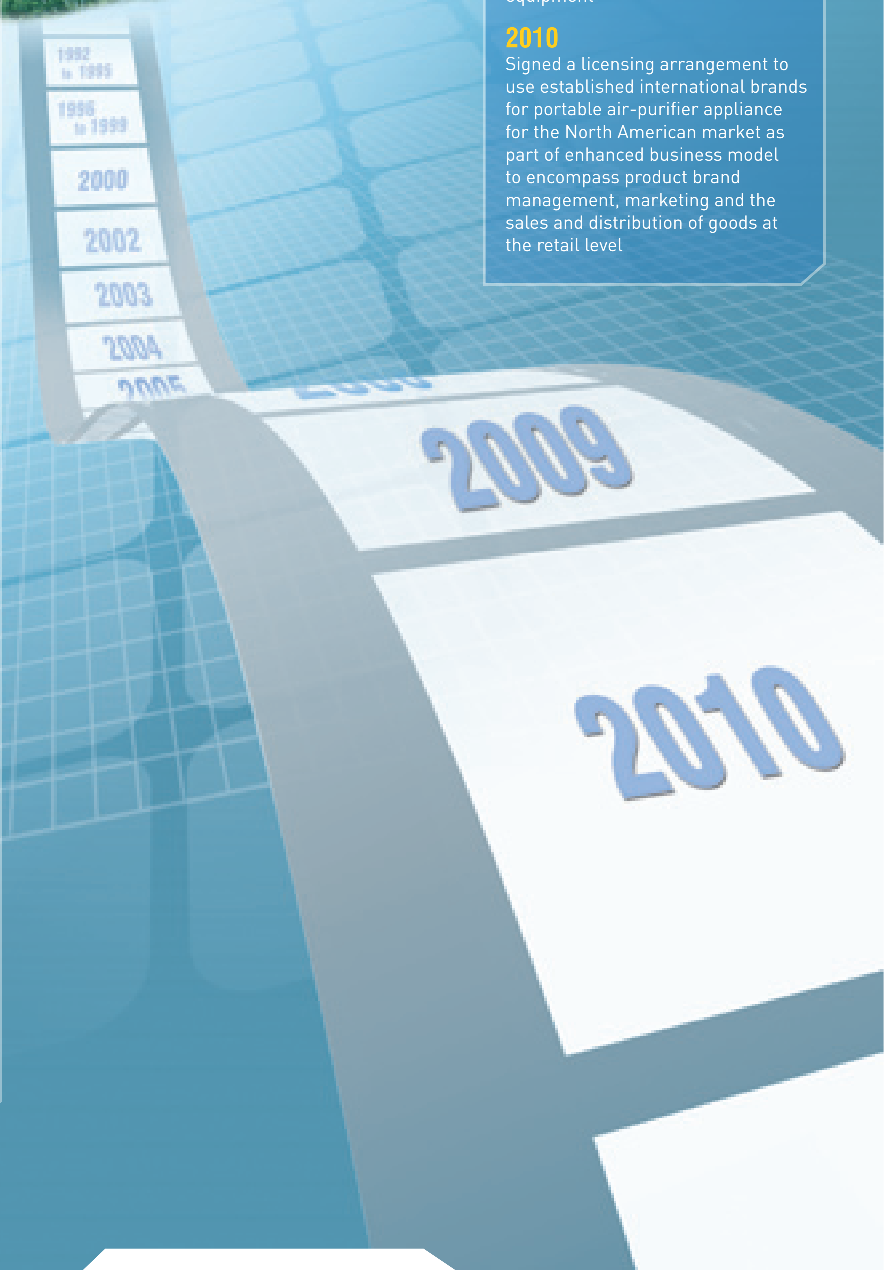
2008
Completed construction of the Phase 1 of Daya Bay Facility and commenced systematic project transfers of major customers to the facility

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

Daya Bay Facility accredited with ISO9001 and ISO14001

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

2010
Signed a licensing arrangement to use established international brands for portable air-purifier appliance for the North American market as part of enhanced business model to encompass product brand management, marketing and the sales and distribution of goods at the retail level



At the Forefront of Innovation

Tse Chong Hing

Chow Kok Kit

Hung Kai Wing

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. Mr Tse is responsible for strategic planning and the general management of our Group and has over 18 years of experience in finance and operations management in the electronics manufacturing industry. Mr Tse 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 a founder 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 23 years of experience in the electronics manufacturing industry. Mr Chow 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 joined the Group in March 2000, is an Executive Director of our Company. He oversees the manufacturing operations of our Group and has over 38 years of experience in the electronics manufacturing industry. Mr Hung 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, Thai Village Holdings Ltd, Tuan Sing Holdings Ltd and M1 Ltd. He was a Director of Sing Lun Holdings Ltd in the last three years.


Chow Kok Kee


Lim Chin Tong


Siu Ping Kwong

MR LIM CHIN TONG
Independent Director

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

MR SIU PING KWONG
Independent Director

Siu Ping Kwong was appointed as an Independent Director of our Company on 6 February 2007. Mr Siu has over 23 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.

A Mix of Experience and Expertise

MR WONG HING KWAI
Director, Plastics Division

Wong Hing Kwai is Director of our Plastics Division. Mr Wong is responsible for the overall management of Plastics Division. He has over 33 years of experience in plastic injection moulding and holds a Bachelor of Engineering degree from Shanghai Jiao Tong University, PRC.

MR YONG WEE KEE
Group Financial Controller
(resigned and his last day of service - 9 July 2010)

Yong Wee Kee is our Group Financial Controller. Mr Yong joined our Group in July 2009. He is responsible for all financial functions of the Group, and ensuring compliance with statutory and listing requirements with regards to financial reporting. Mr Yong is a Fellow of CPA Australia, Malaysia Institute of Accountants and the Hong Kong Institute of Certified Public Accountants. He holds a Bachelor of Accounting degree from University of Royal Melbourne Institute of Technology, Australia. Mr Yong has more than 14 years of auditing, accounting and financial management experience in multinational private and listed companies.

MR TONY KWONG WAN KIT
Group Financial Controller
(appointed on 9 June 2010)

Tony Kwong is our Group Financial Controller and oversees all finance and accounting functions of our Group. He joined our Group in June 2010 and has approximately 10 years of experience in the accounting and auditing profession. Prior to joining the Group, Mr Kwong was a senior audit manager at PricewaterhouseCoopers in Hong Kong where he was responsible for managing audit engagements from planning to completion for a number of major private and listed companies in Hong Kong. Mr Kwong is a member of the Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants. He graduated from the City University of Hong Kong with a Bachelor of Business Administration degree in accounting.

MR LOIC MESTON
Vice President, Business Development

Loic Meston is our Group's Vice President of Business Development. He joined our Group in October 2003 and is based in USA. Mr Meston 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 and has over 19 years of experience in sales and product development. Mr Meston 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 LAU TAK WAH
Senior Program Manager

Lau Tak Wah is our Group's Senior Business Unit Manager and is responsible for customer program management and customer service, material purchasing, production and material control, engineering and production for the corresponding business unit. He joined our Group in September 2004. Mr Lau has over 15 years of experience in customer management with various top tier EMS companies in the PRC. Mr Lau 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.

MR BRUCE YIP CHU LEUNG
Senior Business Unit Manager

Bruce Yip is one of our Group's Senior Business Unit Managers and is responsible for the overall management of one of the business units. He joined our Group in September 2009. Mr Yip has over 17 years of experience in program management and business development with various EMS companies. Mr Yip holds a Master of Business Administration degree from the University of Warwick, UK, a Bachelor degree of Social Science from The Chinese University of Hong Kong.

MR HUANG JIAN YUAN
Operations Manager

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

Mr Huang has more than 18 years of experience in program & operation management with various EMS companies. Prior to joining our Group, he was the director of business units with Beyonics, operations general manager with RTI Tech in Singapore and plant manager with Flextronics China. Mr Huang holds a Bachelor of Engineering degree from National University of Singapore and a Graduate Diploma in Business Administration with Singapore Institute of Management.

MR HO YAM HIN
General Manager, Plastics Division

Ho Yam Hin is the General Manager of our Plastics Division and assists Mr Wong Hing Kwai in the overall management of Plastics Division. He joined our Group in March 2000 and has over 24 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.

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

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

BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

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

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

Board Committees have been established to assist the Board in discharging its responsibilities and to enhance the Group's corporate governance framework. The Board Committees comprise the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"), which have been delegated with specific authority. Each Board Committee functions within its own defined terms of reference and procedures. All committees are chaired by an independent non-executive 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	Audit Committee	Nominating Committee	Remuneration Committee
Total held in FY2010	5	4	1	2
Executive Director				
Tse Chong Hing	5	N/A	N/A	N/A
Chow Kok Kit	4	N/A	N/A	N/A
Hung Kai Wing	5	N/A	N/A	N/A
Independent Non-Executive Director				
Chow Kok Kee	5	4	1	2
Lim Chin Tong	5	4	1	2
Siu Ping Kwong	5	4	1	2

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

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

Principle 2: Board Composition and Balance

The Board comprises of three Executive Directors and three Independent Non-executive Directors: -

Name of Directors	Board of Directors	Date of appointment	Date of last re-election	Audit Committee	Nominating Committee	Remuneration Committee
Tse Chong Hing	Chairman and Managing Director	25 August 2006	27 July 2007	-	-	-
Chow Kok Kit	Executive Director	25 August 2006	28 July 2008	-	-	-
Hung Kai Wing	Executive Director	25 August 2006	28 July 2008	-	-	-
Chow Kok Kee	Lead Independent Director	6 February 2007	20 July 2009	Chairman	Member	Member
Lim Chin Tong	Independent Director	6 February 2007	20 July 2009	Member	Member	Chairman
Siu Ping Kwong	Independent Director	6 February 2007	27 July 2007	Member	Chairman	Member

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

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

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

Principle 3: Chairman and Chief Executive Officer

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

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

Principle 4: Board Membership
Principle 5: Board Performance

The Nominating Committee ("NC"), is regulated by a set of written terms of reference and comprises three Independent Directors:

Siu Ping Kwong, Chairman
Chow Kok Kee
Lim Chin Tong

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

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

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

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

The NC has recommended the nominations of Mr Tse Chong Hing and Mr Siu Ping Kwong, for re-election at the forthcoming AGM of the Company. The Board has accepted the NC's recommendation.

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

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

An evaluation of the Board's performance for FY2010 was conducted. The objective of the evaluation 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

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

The Remuneration Committee ("RC"), regulated by its own written terms of reference, comprises three Independent Directors.

Lim Chin Tong, Chairman
Chow Kok Kee
Siu Ping Kwong

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

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

Executive Directors' Service Agreements are for an initial period of 5 years, commencing 6 February 2007, and will continue thereafter unless terminated by not less than 6 months' notice in writing by either party.

The Independent Non-executive 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 Non-executive Directors' fees are subject to shareholders' approval at the AGM.

The RC has recommended to the Board an amount of S$160,000 as Directors' fees for the financial year ending 31 March 2011, to be paid quarterly in arrears. This recommendation will be tabled for shareholders' approval at the forthcoming AGM.

Principle 9: Disclosure of Remuneration

A summary remuneration table of the Directors and key executives for the year ended 31 March 2010 is shown below. For competitive reasons, the Company is not disclosing the identity of the Directors and the percentage breakdown of their remuneration.

Directors

Remuneration bands	Number of Directors
S$500,000 – S$759,999	1
S$250,000 – S$499,999	2
Less than S$250,000	3

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

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

The Company has in place two non-cash benefit schemes in the form of a share option scheme ("ESOS") and a performance share plan ("PSP") for eligible employees, including Directors of the Company and the Group. Details of ESOS grants and PSP awards are disclosed in the Report of the Directors (pages 25 to 29 of the Annual Report).

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

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

Principle 11: Audit Committee

The Audit Committee ("AC"), is regulated by a set of written terms of reference and comprises three Independent Directors:

Chow Kok Kee, Chairman
Lim Chin Tong
Siu Ping Kwong

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

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

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

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

The AC met with external auditors and internal auditors without the presence of Management in respect of the Group's FY2010 audit.

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

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

The external auditors, RSM Nelson Wheeler had not provided any non-audit service for the year ended 31 March 2010.

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

Principle 12: Internal Controls
Principle 13: Internal Audit

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

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

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

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

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Communication with Shareholders
Principle 15: Greater Shareholder Participation

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

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

The AGM is the principal forum for dialogue with shareholders. The Board encourages 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 on matters affecting the Company. 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 Code of Best Practices for Securities Transactions (the "Securities Code") which sets out the Group's policy on dealings in securities of the Company and implications of Insider Trading. In line with our Securities Code, Directors, key officers and other employees of the Group, who have access to price-sensitive and confidential information are not permitted to deal in securities of the Company during the periods commencing at least 2 weeks before the announcement of the Group's quarterly results and one month before the announcement of the Group's full-year results and, ending on the date of the announcement of such results, or when they are in possession of unpublished price-sensitive information on the Group.

INTERESTED PERSON TRANSACTIONS ("IPTs")

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

Transactions with Interested Persons for the financial year ended 31 March 2010 amounted to less than 3% of the Group's NTA.

MATERIAL CONTRACTS

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

RISK MANAGEMENT POLICIES AND PROCESSES

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

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

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

The Directors of the Company are pleased to present their report together with the audited financial statements of the Company and of the Group for the financial year ended 31 March 2010.

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 Non-executive Director)
Lim Chin Tong	(Independent Non-executive Director)
Siu Ping Kwong	(Independent Non-executive Director)

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE 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 whose objective is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, other than pursuant to the Valuetronics Performance Share Plan ("PSP") and the Valuetronics Employee Share Option Scheme ("ESOS").

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

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

	In the Name of Directors		Deemed Interest	
	At beginning of the financial year Ordinary Share of HK$0.10 each	At end of the financial year Ordinary Share of HK$0.10 each	At beginning of the financial year Ordinary Share of HK$0.10 each	At end of the financial year Ordinary Share of HK$0.10 each
The Company				
Tse Chong Hing	77,920,442	78,120,442	-	-
Chow Kok Kit	73,076,738	73,216,738	-	-
Hung Kai Wing	36,150,237	36,290,237	-	-
Chow Kok Kee	50,000	50,000	-	-
Lim Chin Tong	50,000	50,000	-	-
Siu Ping Kwong	50,000	50,000	-	-

There was no change in Directors' interest between the end of the financial year and 21 April 2010.

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 that certain directors have received remuneration from the Company in the capacity as Directors, the details of which are disclosed in the financial statements.

5. SHARE OPTIONS AND AWARDS

During the financial year, 2,400,000 options to subscribe for shares of the Company and 2,400,000 awards were granted to the Company's Executive Directors under the Valuetronics ESOS and Valuetronics PSP.

No shares were issued pursuant to the exercise of options during the financial year. 480,000 shares were awarded due to achievement of certain performance targets.

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

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 non-Executive 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 under 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.

No employee received 5% or more of the total number of shares under options available under the Valuetronics ESOS.

5. SHARE OPTIONS AND AWARDS (CONTINUED)

(i) The Valuetronics ESOS (continued)

During the financial year, 2,750,000 options to subscribe for shares in the Company were granted to the Company's Executive Directors and executives under the Valuetronics ESOS. None of the options were exercised.

As at 31 March 2010, the Company has the following outstanding options:

Date of grant	Exercise Price	Balance as at 31.3.2009	Granted during the year	Exercised during the year	Options cancelled	Balance as at 31.3.2010	Discount granted
8 August 2007	S$0.225	800,000	-	-	-	800,000	19.9%
8 July 2008	S$0.175	900,000	-	-	-	900,000	18.6%
8 July 2008	S$0.215	1,000,000	-	-	-	1,000,000	Nil
27 August 2008	S$0.144	2,400,000	-	-	-	2,400,000	19.6%
12 August 2009	S$0.105	-	2,750,000	-	-	2,750,000	16.7%
Total		5,100,000	2,750,000	-	-	7,850,000	

The details of options granted to the Directors of the Company:

Name of participant	Options granted during the financial year	Exercise price	Aggregate options granted since commencement of ESOS to end of the financial year	Aggregate options exercised since commencement of ESOS to end of the financial year	Aggregate options outstanding at the end of financial year
Tse Chong Hing	1,000,000	$0.105	2,000,000	-	2,000,000
Chow Kok Kit	700,000	$0.105	1,400,000	-	1,400,000
Hung Kai Wing	700,000	$0.105	1,400,000	-	1,400,000
Chow Kok Kee	-	-	100,000	-	100,000
Lim Chin Tong	-	-	100,000	-	100,000
Siu Ping Kwong	-	-	100,000	-	100,000

(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.

The Valuetronics PSP is administered by the RC.

5. SHARE OPTIONS AND AWARDS (CONTINUED)

(ii) The Valuetronics PSP (continued)

No employee received 5% or more of the total number of share awards available under the Valuetronics PSP.

During the financial year, 2,680,000 share awards were granted to the Company's Executive Directors and executives under the Valuetronics PSP.

As at 31 March 2010, the Company has the following outstanding share awards:

Date of Grant	Balance as at 31.3.2009	Granted during the year	Awarded during the year	Lapsed during the year	Balance as at 31.3.2010	Vesting Period
27 August 2008	2,400,000	-	480,000	1,920,000	-	1 year#
12 August 2009	-	2,680,000	-	-	2,680,000	1 year
Total	2,400,000	2,680,000	480,000	1,920,000	2,680,000	

\# Lapsed

The details of share awards granted to the Directors of the Company:

Name of participant	Awards granted during financial year	Aggregate awards granted since commencement of PSP to end of financial year	Aggregate awards released during the financial year	Aggregate awards lapsed during the financial year	Aggregate awards outstanding at the end of financial year
Tse Chong Hing	1,000,000	2,000,000	200,000	800,000	1,000,000
Chow Kok Kit	700,000	1,400,000	140,000	560,000	700,000
Hung Kai Wing	700,000	1,400,000	140,000	560,000	700,000

6. AUDIT COMMITTEE

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

Chow Kok Kee - Chairman of AC
Lim Chin Tong - Independent Director
Siu Ping Kwong - Independent Director

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

- Reviewed the audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;
- Reviewed with the external auditors their audit plan;
- Reviewed with the external auditors their evaluation of the Company's system of internal controls, and their audit report on the financial statements;
- Reviewed the financial statements of the Group and the Company prior to its submission to the Board of Directors for adoption;

6. **AUDIT COMMITTEE (CONTINUED)**

- Reviewed non-audit services provided by the external auditors and the independence and objectivity of the external auditors;
- Reviewed the co-operation and assistance given by the management to the Group's external auditors;
- Reviewed the re-appointment of the external auditors of the Group; and
- Reviewed Interested Person Transactions (as defined in Chapter 9 of the Listing Manual of Singapore Exchange Securities Trading Limited [SGX-ST]) and transactions with persons involving persons or companies connected to Directors and/or Controlling Shareholders, not falling within the ambit of the definition of an "Interested Person" under Chapter 9 of the Listing Manual of SGX-ST.

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

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

9. **AUDITORS**

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

10. **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 18 May 2010, 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**
Director	Director

21 June 2010

STATEMENT BY DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

The Board of Directors is responsible for the preparation and the true and fair presentation of these financial statements set out on pages 32 to 76 in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In the opinion of the Directors, the accompanying statements of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, together with the notes thereon, are drawn up in accordance with and comply with International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2010 and of the Group's results and cash flows for the financial year ended on that date and 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

TSE CHONG HING
Chairman

CHOW KOK KIT
Executive Director

21 June 2010

To the members of Valuetronics Holdings Limited

(Incorporated in Bermuda with limited liability)

We have audited the accompanying financial statements of Valuetronics Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 32 to 76, which comprise the consolidated and Company statements of financial position as at 31 March 2010, 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 notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these 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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the 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 financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2010, 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
21 June 2010

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	Note	2010 HK$'000	2009 HK$'000
Revenue	6	**1,136,124**	960,059
Cost of sales		**(958,785)**	(792,578)
Gross profit		**177,339**	167,481
Other income	7	**5,590**	4,012
Selling and distribution costs		**(42,426)**	(22,070)
Administrative expenses		**(63,864)**	(66,652)
Net other operating loss	8	**(9,976)**	(22,723)
Profit from operations		**66,663**	60,048
Finance costs	9	**(606)**	(491)
Profit before tax		**66,057**	59,557
Income tax expense	11	**(7,282)**	(6,493)
Profit for the year	12	**58,775**	53,064
Attributable to:			
Owners of the Company		**58,775**	53,064
Minority interests		**-**	-
		58,775	53,064
Earnings per share (Hong Kong cents)	14		
- Basic		**16.7**	15.0

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	2010 HK$'000	2009 HK$'000
Profit for the year	**58,775**	53,064
Other comprehensive income:		
Exchange differences on translating foreign operations	**57**	4,343
Fair value changes of available-for-sale financial assets	**1,577**	(2,061)
Other comprehensive income for the year, net of tax	**1,634**	2,282
Total comprehensive income for the year	**60,409**	55,346
Attributable to:		
Owners of the Company	**60,409**	55,346
Minority interests	**-**	-
	60,409	55,346

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2010

	Note	The Group 2010 HK$'000	The Group 2009 HK$'000	The Company 2010 HK$'000	The Company 2009 HK$'000
ASSETS					
Non-current assets					
Prepaid land lease payments and land use rights	15	**24,088**	24,565	**-**	-
Property, plant and equipment	16	**164,602**	160,068	**-**	-
Goodwill	17	**10**	-	**-**	-
Investments in subsidiaries	18	**-**	-	**83,330**	83,330
Club membership, at cost		**200**	200	**-**	-
Long term receivables	19	**920**	1,610	**-**	-
		189,820	186,443	**83,330**	83,330
Current assets					
Available-for-sale financial assets	20	**15,116**	13,539	**-**	-
Inventories	21	**129,882**	67,074	**-**	-
Trade receivables	22	**273,663**	102,419	**-**	-
Prepaid land lease payments and land use rights	15	**545**	545	**-**	-
Prepayments, deposits and other receivables		**17,771**	10,200	**34**	-
Long term receivables - current portion	19	**575**	1,150	**-**	-
Due from subsidiaries	18	**-**	-	**155,883**	132,941
Current tax assets		**-**	3,209	**-**	-
Bank and cash balances	23	**139,909**	153,483	**291**	258
		577,461	351,619	**156,208**	133,199
Total assets		**767,281**	538,062	**239,538**	216,529
EQUITY					
Share capital	24	**35,500**	35,500	**35,500**	35,500
Treasury shares	24	**(1,853)**	(2,176)	**(1,853)**	(2,176)
Reserves	26	**336,635**	290,180	**205,578**	182,632
Equity attributable to owners of the Company		**370,282**	323,504	**239,225**	215,956
Minority interests		**-**	(13)	**-**	-
Total equity		**370,282**	323,491	**239,225**	215,956
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	27	**2,984**	3,126	**-**	-
Current liabilities					
Trade payables	28	**229,773**	77,221	**-**	-
Accruals, other payables and deposits received	29	**155,969**	129,746	**313**	573
Current tax liabilities		**8,263**	4,478	**-**	-
Bank overdrafts	31	**10**	-	**-**	-
		394,015	211,445	**313**	573
Total liabilities		**396,999**	214,571	**313**	573
Total equity and liabilities		**767,281**	538,062	**239,538**	216,529
Net current assets		**183,446**	140,174	**155,895**	132,626
Total assets less current liabilities		**373,266**	326,617	**239,225**	215,956

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	Attributable to the owners of the Company											
			Reserves									
	Share capital	Treasury shares	Share premium (note 26 (c)(i))	Share-based payment reserve (note 26 (c)(iii))	Translation reserve (note 26 (c)(iv))	Statutory reserve (note 26 (c)(v))	Investment revaluation reserve (note 26 (c)(vi))	Retained earnings	Total reserves	Total	Minority interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2008	35,500	-	85,591	130	6,141	94	-	170,127	262,083	297,583	-	297,583
Total comprehensive income for the year	-	-	-	-	4,343	-	(2,061)	53,064	55,346	55,346	-	55,346
Acquisition of a subsidiary (note 30)	-	-	-	-	-	-	-	-	-	-	(13)	(13)
Dividend paid	-	-	-	-	-	-	-	(27,690)	(27,690)	(27,690)	-	(27,690)
Share-based payments	-	-	-	441	-	-	-	-	441	441	-	441
Transfer to statutory reserve	-	-	-	-	-	148	-	(148)	-	-	-	-
Purchase of treasury shares	-	(2,176)	-	-	-	-	-	-	-	(2,176)	-	(2,176)
At 31 March 2009	35,500	(2,176)	85,591	571	10,484	242	(2,061)	195,353	290,180	323,504	(13)	323,491
Representing:												
At 31 March 2009 after proposed final dividend								179,525				
Proposed final dividend (note 13)								15,828				
Attributable to owners of the Company								195,353				
At 1 April 2009	35,500	(2,176)	85,591	571	10,484	242	(2,061)	195,353	290,180	323,504	(13)	323,491
Total comprehensive income for the year	-	-	-	-	57	-	1,577	58,775	60,409	60,409	-	60,409
Dividend paid	-	-	-	-	-	-	-	(15,828)	(15,828)	(15,828)	-	(15,828)
Share-based payments	-	-	-	2,210	-	-	-	-	2,210	2,210	-	2,210
Transfer	-	-	-	-	-	-	-	(13)	(13)	(13)	13	-
Transfer to statutory reserve	-	-	-	-	-	141	-	(141)	-	-	-	-
Award of treasury shares	-	323	-	(323)	-	-	-	-	(323)	-	-	-
At 31 March 2010	35,500	(1,853)	85,591	2,458	10,541	383	(484)	238,146	336,635	370,282	-	370,282
Representing:												
At 31 March 2010 after proposed final dividend								213,492				
Proposed final dividend (note 13)								24,654				
Attributable to owners of the Company								238,146				

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	Note	2010 HK$'000	2009 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**66,057**	59,557
Adjustments for:			
Allowance for receivables		**9,976**	8,703
Amortisation of prepaid land lease payments and land use rights		**477**	476
Depreciation		**23,676**	20,460
Equity-settled share-based payments		**2,210**	441
Gain on disposals of property, plant and equipment		**(318)**	(70)
Interest expenses		**1**	8
Interest income		**(825)**	(2,548)
Impairment of goodwill		**-**	4,020
Operating profit before working capital changes		**101,254**	91,047
Decrease/(increase) in long term receivables		**862**	(55)
(Increase)/decrease in inventories		**(62,808)**	43,304
(Increase)/decrease in trade receivables		**(180,760)**	24,455
Increase in prepayments, deposits and other receivables		**(7,787)**	(3,896)
Increase/(decrease) in trade payables		**152,552**	(43,344)
Increase/(decrease) in accruals, other payables and deposits received		**26,223**	(6,592)
Cash generated from operations		**29,536**	104,919
Income tax paid		**(430)**	(10,105)
Interest paid		**(1)**	(8)
Net cash generated from operating activities		**29,105**	94,806
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposals of available-for-sale financial assets		**11,625**	27,250
Proceeds from disposals of property, plant and equipment		**334**	70
Acquisition of a subsidiary	30(a)	**(10)**	(4,000)
Purchases of available-for-sale financial assets		**(11,625)**	(39,000)
Purchases of property, plant and equipment		**(28,010)**	(80,016)
Interest received		**825**	2,548
Net cash used in investing activities		**(26,861)**	(93,148)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		**(15,828)**	(27,690)
Purchase of treasury shares		**-**	(2,176)
Net cash used in financing activities		**(15,828)**	(29,866)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(13,584)**	(28,208)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**153,483**	181,691
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		**139,899**	153,483
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		**139,909**	153,483
Bank overdrafts		**(10)**	-
		139,899	153,483

1. GENERAL INFORMATION

The financial statements of the Group for the financial year ended 31 March 2010 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

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

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

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee of the IASB that are relevant to its operations and effective for its accounting year beginning on 1 April 2009. IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations. The adoption of these new and revised IFRSs did not result in substantial changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years except as stated below.

(a) Presentation of Financial Statements

IAS 1 (Revised) "Presentation of Financial Statements" affects certain disclosures and presentation of the financial statements. The balance sheet is renamed as the statement of financial position and the cash flow statement is renamed as the statement of cash flows. All income and expenses arising from transactions with non-owners are presented in the income statement and statement of comprehensive income, and the total carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. IAS 1 (Revised) also requires disclosures of the reclassification adjustments and tax effects relating to each component of other comprehensive income for the year. IAS 1 (Revised) has been applied retrospectively.

(b) Operating Segments

IFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Previously, IAS 14 "Segment Reporting" required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving as the starting point for the identification of such segments. The primary segments reported under IAS 14 are the same as the segments reported under IFRS 8. IFRS 8 has been applied retrospectively.

The segment accounting policies under IFRS 8 are stated in note 36 to the financial statements.

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

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with IFRSs.

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

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

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

(a) Consolidation

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

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

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.

Minority interests represent the portion of interests of minority shareholders in the operating results and net assets of subsidiaries. Minority interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Minority 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 minority and owners of the Company (majority interests). Losses applicable to the minority in excess of the minority's interests in the subsidiary's equity are allocated against the majority interests except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the majority interests until the minority's share of losses previously absorbed by the majority has been recovered.

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 purchase method is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets, liabilities and contingent liabilities of the subsidiary in an acquisition are measured at their fair values at the acquisition date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Business combination and goodwill (continued)

The excess of the cost of acquisition over the Group's share of the net fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in consolidated profit or loss.

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 interests of minority shareholders in the subsidiary is initially measured at the minority's proportion of the net fair value of the subsidiary's identifiable assets, liabilities and contingent 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.

(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 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.

(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:

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

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 and land use rights

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) including upfront payment made for leasehold land and land use rights 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Recognition and derecognition of financial instruments (continued)

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

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

(j) Investments

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

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

(i) Financial assets at fair value through profit or loss

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

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Trade and other receivables

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

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

(l) Cash and cash equivalents

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

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Revenue recognition

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

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

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

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

(o) Employee benefits

Employee leave entitlements

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

(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 rights to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Related parties

A party is related to the Group if:

(i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;
(ii) the party is an associate;
(iii) the party is a joint venture;
(iv) the party is a member of the key management personnel of the Company or its parent;
(v) the party is a close member of the family of any individual referred to in (i) or (iv);
(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
(vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

(t) Impairment of assets

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Provisions and contingent liabilities

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

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

(v) Events after the reporting period

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the respective financial period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results may differ from those estimates.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(a) Property, plant and equipment and depreciation

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(b) Impairment of property, plant and equipment

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

(c) Receivables - Allowance for doubtful debts

The Group makes allowance for 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. Allowance arises where events or changes in circumstances indicate that the balances may not be collectible. The identification of 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 allowance for doubtful debts in the year in which such estimate has been changed.

(d) Allowance for slowing-moving inventories

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

(e) Share-based payment expenses

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

5. FINANCIAL RISK MANAGEMENT

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

The Group's financial assets mainly include bank and cash balances, trade receivables, other receivables, available-for-sale financial assets and long term receivables. The Group's financial liabilities mainly include trade payables and other payables.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(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. The Group currently does not have a foreign currency hedging policy in respect of 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.

At 31 March 2010, 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$1,841,000 (2009 : HK$1,057,000) higher, arising mainly as a result of the foreign exchange gain on bank balances and trade receivables denominated in US$. 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$1,841,000 (2009 : HK$1,057,000) lower, arising mainly as a result of the foreign exchange loss on bank balances and trade receivables denominated in US$.

(b) Price risk

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

At 31 March 2010, if the market price of the available-for-sale financial assets at that date had been increased by 5 per cent with all other variables held constant, the consolidated other comprehensive income would increase by HK$756,000 (2009: HK$675,000) arising as a result of gain on available-for-sale financial assets. If the market price of the available-for-sale financial assets at that date had been decreased by 5 per cent with all other variables held constant, the consolidated other comprehensive income would decrease by HK$756,000 (2009: HK$675,000) arising as a result of loss on available-for-sale financial assets.

(c) Credit risk

The carrying amount of the bank and cash balances, trade and other receivables and available-for-sale financial assets 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 2010, the five largest trade receivables represent approximately 89% (2009: 70%) of the total trade receivables. The Group performs ongoing credit evaluation of its customers' financial condition and requires no collateral from its customers. The allowance for doubtful debts is based upon a review of the expected collectibility of all trade and other receivables.

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk

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

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

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
At 31 March 2010				
Trade payables	229,773	-	-	-
Accruals and other payables	109,702	-	-	-
Bank overdrafts	10	-	-	-
At 31 March 2009				
Trade payables	77,221	-	-	-
Accruals and other payables	81,151	-	-	-

(e) Interest rate risk

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

The Group's exposure to interest rate risk relates principally to its bank balances. Certain of the Group's bank deposits bear interests at fixed interest rates and therefore are subject to fair value interest rate risks. The bank deposits bear interests at fixed interest rates ranging from approximately 0.06% to 1.3% (2009: 0.35% to 1.3%) per annum as at 31 March 2010. Other than these bank deposits, the bank balances and the available-for-sale financial assets bear interests at variable rates varied with the then prevailing market condition and thus exposing the Group to cash flow interest rate risk.

At 31 March 2010, 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$118,000 (2009: HK$141,000) 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 HK$118,000 (2009: HK$141,000) higher, arising mainly as a result of higher interest income on bank balances.

(f) Categories of financial instruments at 31 March 2010

	2010 HK$'000	2009 HK$'000
Financial assets:		
Loans and receivables (including cash and cash equivalents)	**419,451**	262,506
Available-for-sale financial assets	**15,116**	13,539
Financial liabilities:		
Financial liabilities at amortised cost	**339,485**	158,372

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Fair values

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

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

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

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

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

As at 31 March 2010, the Group's senior unsubordinated debt instrument was accounted for as available-for-sale financial assets and its fair value of approximately HK$15,116,000 was measured by quoted prices (unadjusted) in active markets for identical assets.

6. REVENUE

	The Group	
	2010	2009
	HK$'000	HK$'000
Sales of goods	**1,136,124**	960,059

7. OTHER INCOME

	The Group	
	2010	2009
	HK$'000	HK$'000
Gain on disposals of property, plant and equipment	**318**	70
Net exchange gain/(loss)	**248**	(3,722)
Interest income	**825**	2,548
Tooling and rework income	**3,481**	3,324
Sundry income	**718**	1,792
	5,590	4,012

8. NET OTHER OPERATING LOSS

	The Group	
	2010	2009
	HK$'000	HK$'000
Loss on assets in respect of flash flood	**-**	10,000
Impairment of goodwill (note 17)	**-**	4,020
Allowance for receivables	**9,976**	8,703
	9,976	22,723

9. FINANCE COSTS

	The Group	
	2010	2009
	HK$'000	HK$'000
Interest on bills and bank overdrafts	**1**	8
Bank charges	**605**	483
	606	491

10. RETIREMENT BENEFIT COSTS

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 HK$1,000 per employee and vest fully with employees when contributed into the MPF Scheme.

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

11. INCOME TAX EXPENSE

	The Group	
	2010	2009
	HK$'000	HK$'000
Current Tax - Hong Kong Profits Tax		
Provision for the year	**5,838**	3,300
Over-provision in prior years	**(129)**	(803)
Tax reduction	**-**	(50)
Current tax - the PRC		
Provision for the year	**1,715**	2,291
Deferred tax (note 27)	**(142)**	1,755
	7,282	6,493

Hong Kong Profits Tax is provided at 16.5% (2009: 16.5%) based on the assessable profit for the year.

Pursuant to relevant laws and regulations in the PRC, the subsidiaries in the PRC are required to pay PRC enterprise income tax at a rate of 25%. (2009: 25%)

For the years ended 31 March 2010 and 2009, Huizhou Daya Bay Honor Tone Industrial Ltd. ("Daya Bay") incurred tax loss for these two years, 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 2010, the aggregate amount of temporary differences relating to the undistributed profits of the Group's PRC subsidiaries amounted to HK$1,201,000 (2009: HK$687,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

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

	The Group	
	2010	2009
	HK$'000	HK$'000
Profit before tax	**66,057**	59,557
Tax at the domestic income tax rate at 16.5% (2009: 16.5%)	**10,899**	9,827
Tax effect of expenses that are not deductible	**1,354**	1,370
Tax effect of income that is not taxable	**(116)**	(355)
Tax effect of temporary differences not recognised	**50**	163
Tax effect of tax losses not recognised	**317**	124
Tax effect of tax concession	**(5,563)**	(4,642)
Effect of different tax rate of a subsidiary operating in other jurisdiction	**475**	779
(Under)/over-provision in current year	**(5)**	80
Over-provision in prior years	**(129)**	(803)
Tax reduction	**-**	(50)
Income tax expense	**7,282**	6,493

12. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging the following:

	The Group	
	2010	2009
	HK$'000	HK$'000
Depreciation	**23,676**	20,460
Directors' remuneration		
As directors - independent directors		
Fee	**859**	900
Equity-settled share-based payment	**15**	44
For management - executive directors		
Salaries, wages, bonus and allowance	**9,384**	11,385
Retirement benefit scheme contributions	**36**	36
Equity-settled share-based payment	**1,825**	102
	12,119	12,467
Key management personnel remuneration (including remuneration of the executive directors)		
Salaries, wages, bonus and allowance	**17,317**	22,067
Retirement benefit scheme contributions	**74**	72
Equity-settled share-based payments	**2,047**	345
	19,438	22,484
Auditors' remuneration	**743**	720
Cost of inventories sold	**829,375**	686,605
Operating lease charges in respect of leasehold land and buildings (including amortisation of prepaid land lease payments and land use rights)	**3,394**	3,746
Allowance for receivables	**9,976**	8,703
Research and development costs (note)	**8,241**	9,256
Staff costs excluding directors' remuneration		
Salaries, wages, bonus and allowance	**91,943**	90,582
Retirement benefit scheme contributions	**4,905**	5,094
Equity-settled share-based payment	**370**	295
	97,218	95,971

Note: Research and development costs include approximately HK$8,241,000 (2009: HK$9,256,000) relating to staff costs, which are included in the amount of staff costs disclosed separately above for the year.

13. DIVIDEND

	The Group and the Company	
	2010	2009
	HK$'000	HK$'000
Proposed but not recognised as a liability as at 31 March	**24,654**	15,828

On 17 May 2010, a final dividend of approximately HK$0.07 (2009: HK$0.045) was proposed by the Company to its shareholders in respect of the financial year ended 31 March 2010 (note 38). The proposed dividend is not recognised as a liability at 31 March 2010 as it is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

14. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of HK$58,775,000 (2009: HK$53,064,000) and the weighted average number of ordinary shares of 352,007,055 (2009: 353,456,145) in issue during the year.

No diluted earnings per share are presented as the Company did not have any dilutive ordinary shares during the years ended 31 March 2010 and 2009.

15. PREPAID LAND LEASE PAYMENTS AND LAND USE RIGHTS

	The Group HK$'000
Cost	
At 1 April 2008	25,332
Exchange differences	1,083
At 31 March 2009, 1 April 2009 and 31 March 2010	26,415
Accumulated amortisation	
At 1 April 2008	728
Provided for the year	476
Exchange differences	101
At 31 March 2009 and 1 April 2009	1,305
Provided for the year	477
At 31 March 2010	1,782
Carrying amount	
At 31 March 2010	24,633
At 31 March 2009	25,110

The prepaid land lease payments and land use rights are held under medium term leases and analysed as follows:

	The Group	
	2010 HK$'000	2009 HK$'000
Hong Kong	**3,377**	3,470
The PRC	**21,256**	21,640
Carrying amount	**24,633**	25,110

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

	The Group	
	2010 HK$'000	2009 HK$'000
Carrying amount	**24,633**	25,110
Less: Amount to be amortised within one year (shown under current assets)	**(545)**	(545)
Amount to be amortised after one year	**24,088**	24,565

16. PROPERTY, PLANT AND EQUIPMENT

The Group	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 2008	4,117	92,764	5,842	9,938	9,356	1,482	62,256	185,755
Additions	-	37,887	260	17,738	2,064	1,037	21,030	80,016
Disposals	-	(30)	(6)	(6)	-	(479)	-	(521)
Transfer	80,394	1,716	-	-	-	-	(82,110)	-
Exchange differences	137	294	4	-	-	47	2,914	3,396
At 31 March 2009 and 1 April 2009	84,648	132,631	6,100	27,670	11,420	2,087	4,090	268,646
Additions	-	12,846	130	4,242	708	439	9,861	28,226
Disposals	-	(1,086)	(78)	-	-	-	-	(1,164)
Transfer	12,824	-	-	-	-	-	(12,824)	-
At 31 March 2010	97,472	144,391	6,152	31,912	12,128	2,526	1,127	295,708
Accumulated depreciation								
At 1 April 2008	150	69,517	5,219	8,114	4,412	1,127	-	88,539
Charge for the year	2,031	13,891	628	1,639	1,922	349	-	20,460
Written back on disposals	-	(30)	(6)	(6)	-	(479)	-	(521)
Exchange differences	23	51	-	-	-	26	-	100
At 31 March 2009 and 1 April 2009	2,204	83,429	5,841	9,747	6,334	1,023	-	108,578
Charge for the year	3,667	14,302	256	3,317	1,645	489	-	23,676
Written back on disposals	-	(1,086)	(62)	-	-	-	-	(1,148)
At 31 March 2010	5,871	96,645	6,035	13,064	7,979	1,512	-	131,106
Carrying amount								
At 31 March 2010	91,601	47,746	117	18,848	4,149	1,014	1,127	164,602
At 31 March 2009	82,444	49,202	259	17,923	5,086	1,064	4,090	160,068

17. GOODWILL

	The Group HK$'000
Cost	
Arising on acquisition of a subsidiary (note 30(a)(ii)) and at 31 March 2009 and 1 April 2009	4,020
Arising on acquisition of a subsidiary (note 30(a)(i))	10
At 31 March 2010	4,030
Accumulated impairment losses	
Impairment loss recognised in the year (note 8) and at 31 March 2009, 1 April 2009 and 31 March 2010	4,020
Carrying amount	
At 31 March 2010	10
At 31 March 2009	-

17. GOODWILL (CONTINUED)

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 to medical instrument unit of original equipment manufacturer ("OEM") products segment in 2009 and licensing business unit of original design manufacturer ("ODM") products segment in 2010.

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

18. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2010	2009
	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 2010 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

18. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Particulars of the subsidiaries as at 31 March 2010 are as follows: (continued)

Name	Date and place of incorporation/ establishment	Group's effective equity interest	Paid-up share/ registered capital	Principal activities
Indirectly held: (continued)				
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
Bonder International Group Limited ("Bonder") *	28 February 2006 British Virgin Islands	60%	US$10	Provision of business and product development services
Master Brands HK Limited ("Master Brands")	7 May 2009 Hong Kong	100%	HK$10,000	Provision of business service

Notes:

(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.

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

** The statutory financial statements of Honor Tone Limited and Value Chain Limited for the year ended 31 March 2010 were audited by RSM Nelson Wheeler.

*** The statutory financial statements of the subsidiary established and operating in the PRC, 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 the subsidiary established and operating in the PRC, 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有限公司 (Huizhou Shi Zhengda Certified Public Accountants) for tax filing and annual registration purposes.

19. LONG TERM RECEIVABLES

	The Group	
	2010	2009
	HK$'000	HK$'000
Long term receivables	**1,955**	2,760
Less: Allowance for long term receivables	**(460)**	-
	1,495	2,760

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

	The Group	
	2010	2009
	HK$'000	HK$'000
At 1 April	**-**	-
Charge for the year	**460**	-
At 31 March	**460**	-

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

	The Group	
	2010	2009
	HK$'000	HK$'000
Within one year	**575**	1,150
In the second to fifth years, inclusive	**920**	1,610
	1,495	2,760

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group	
	2010	2009
	HK$'000	HK$'000
Senior unsubordinated debt instrument (EMTN), at fair value	**15,116**	13,539

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

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

21. INVENTORIES

	The Group	
	2010	2009
	HK$'000	HK$'000
Raw materials	**49,456**	22,873
Work in progress	**34,905**	13,692
Finished goods	**45,521**	30,509
	129,882	67,074

22. TRADE RECEIVABLES

	The Group	
	2010	2009
	HK$'000	HK$'000
Trade receivables	**295,987**	115,227
Less: Allowance for doubtful debts	**(22,324)**	(12,808)
	273,663	102,419

The movement of allowance for doubtful debts is as follows:

	The Group	
	2010	2009
	HK$'000	HK$'000
At 1 April	**12,808**	4,240
Charge for the year	**9,516**	8,703
Realised for the year	**-**	(135)
At 31 March	**22,324**	12,808

As of 31 March 2010, trade receivables of approximately HK$34,394,000 (2009: HK$14,400,000) 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	
	2010	2009
	HK$'000	HK$'000
Up to 3 months	**34,203**	13,847
3 to 6 months	**35**	306
Over 6 months	**156**	247
	34,394	14,400

22. TRADE RECEIVABLES (CONTINUED)

Included in trade receivables are the following amounts denominated in a currency other than the presentation currency of the Group to which they relate:

	The Group	
	2010	2009
	HK$'000	HK$'000
US$	**254,881**	94,315
RMB	**17,581**	7,227
	272,462	101,542

23. BANK AND CASH BALANCES

Included in bank and cash balances are the following amounts denominated in a currency other than the presentation currency of the Group to which they relate:

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
US$	**117,262**	118,108	**9**	9
Singapore dollars ("S$")	**290**	231	**265**	206
RMB	**19,697**	31,987	**-**	-
Japanese Yen ("JPY")	**145**	1,981	**-**	-
Others	**64**	-	**-**	-
	137,458	152,307	**274**	215

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

24. SHARE CAPITAL

	2010	2009
	HK$'000	HK$'000
Authorised share capital		
1,900,000,000 ordinary shares of HK$0.1 each	**190,000**	190,000
Issued and fully paid share capital		
355,000,000 ordinary shares of HK$0.1 each	**35,500**	35,500

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 shareholders' 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.

24. SHARE CAPITAL (CONTINUED)

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

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

	2010		2009	
	Number of shares	**Carrying amount HK$'000**	Number of shares	Carrying amount HK$'000
At 1 April	**3,277,000**	**2,176**	-	-
Acquired during the year	**-**	**-**	3,277,000	2,176
Awarded during the year (note 25(b))	**(480,000)**	**(323)**	-	-
At 31 March	**2,797,000**	**1,853**	3,277,000	2,176

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$10,000 (2009: HK$Nil) 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 2010, 36% (2009: 36%) of the shares were in public hands.

25. SHARE-BASED PAYMENTS

The Company has share incentive plans for its employees, namely Valuetronics Employee Share Option Scheme (the "ESOS") and Valuetronics Performance Share Plan (the "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.

25. SHARE-BASED PAYMENTS (CONTINUED)

(a) Equity-settled ESOS (continued)

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

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

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

Details of the specific categories of Options are as follows:

	Date of grant	Vesting date	Exercise period	Exercise price	Number of granted 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

25. 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:

	2010		2009	
	Number of Options	**Weighted average exercise price S$**	Number of Options	Weighted average exercise price S$
Outstanding at the beginning of the year	**5,100,000**	**0.176**	1,000,000	0.225
Granted during the year	**2,750,000**	**0.105**	4,300,000	0.167
Forfeited during the year	**-**	**N/A**	(200,000)	0.225
Outstanding at the end of the year	**7,850,000**	**0.151**	5,100,000	0.176
Exercisable at the end of the year	**1,400,000**	**0.218**	-	N/A

The Options outstanding at the end of the year have a weighted average remaining contractual life of 8.7 years (2009: 9.2 years) and the exercise price ranged from S$0.105 to S$0.225 (2009: S$0.144 to S$0.225). During the financial year ended 31 March 2010, Options were granted on 12 August 2009 and the estimated fair value of the Options granted on that date is S$125,506. During the financial year ended 31 March 2009, Options were granted on 8 July 2008 and 27 August 2008 respectively. The estimated fair values of the Options on these dates are S$69,800 and S$65,400 respectively.

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

	Options						
	2010A and 2010B	**2009A**	**2009B**	**2009C**	**2009D**	**2009E**	**2008A and 2008B**
Weighted average share price	S$0.125	S$0.215	S$0.215	S$0.215	S$0.180	S$0.180	S$0.270
Exercise price	S$0.105	S$0.215	S$0.175	S$0.175	S$0.144	S$0.144	S$0.225
Expected volatility	51.77%	36.63%	36.63%	36.63%	36.76%	36.76%	33.58%
Expected life	10 years	10 years	10 years	10 years	10 years	10 years	10 years
Risk free rate	2.540%	3.344%	3.344%	3.344%	3.113%	3.113%	2.954%
Expected dividend yield	6.700%	6.380%	6.380%	6.380%	7.620%	7.620%	4.614%

25. SHARE-BASED PAYMENTS (CONTINUED)

(b) Equity-settled PSP

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

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

Details of the specific categories of Awards are as follows:

	Date of award	Vesting period	Maximum shares to be awarded
2009A #	27 August 2008	27 August 2008 to 26 August 2009	192,000
2009B #	27 August 2008	27 August 2008 to 26 August 2009	2,208,000
2010A	12 August 2009	12 August 2009 to 11 August 2010	192,000
2010B	12 August 2009	12 August 2009 to 11 August 2010	2,208,000
2010C	12 August 2009	12 August 2009 to 11 August 2010	280,000

Lapsed during the year ended 31 March 2010

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

25. SHARE-BASED PAYMENTS (CONTINUED)

(b) Equity-settled PSP (continued)

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

	Number of Awards	
	2010	2009
Outstanding at the beginning of the year	**2,400,000**	-
Granted during the year	**2,680,000**	2,400,000
Awarded during the year (note 24)	**(480,000)**	-
Lapsed during the year	**(1,920,000)**	-
Outstanding at the end of the year	**2,680,000**	2,400,000

During the financial year ended 31 March 2010, Awards were granted on 12 August 2009 and the estimated fair value of the Awards granted on that date is S$324,731.

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

	Awards	
	2010	2009
Weighted average share price	S$0.125	S$0.180
Expected volatility	122.65%	52.92%
Expected life	1 year	1 year
Risk free rate	0.35%	1.10%
Expected dividend yield	6.70%	7.80%

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 or 30% or more) must not exceed 25% of the Shares available under the ESOS and PSP.

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

26. RESERVES

(a) The Group

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

(b) The Company

	Share premium (note 26(c) (i)) HK$'000	Contributed surplus (note 26(c) (ii)) HK$'000	Share-based payment reserve (note 26(c) (iii)) HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 April 2008	85,591	67,239	130	27,697	180,657
Profit for the year	-	-	-	29,224	29,224
Dividend paid	-	-	-	(27,690)	(27,690)
Share-based payments	-	-	441	-	441
At 31 March 2009	85,591	67,239	571	29,231	182,632
Representing:					
At 31 March 2009 after proposed final dividend				13,403	
Proposed final dividend (note 13)				15,828	
Attributable to owners of the Company				29,231	
At 1 April 2009	85,591	67,239	571	29,231	182,632
Profit for the year	-	-	-	36,887	36,887
Dividend paid	-	-	-	(15,828)	(15,828)
Share-based payments	-	-	2,210	-	2,210
Award of treasury shares	-	-	(323)	-	(323)
At 31 March 2010	85,591	67,239	2,458	50,290	205,578
Representing:					
At 31 March 2010 after proposed final dividend				25,636	
Proposed final dividend (note 13)				24,654	
Attributable to owners of the Company				50,290	

26. RESERVES (CONTINUED)

(c) Nature and purpose of reserves

(i) Share premium account

The share premium of the Group and the Company includes the premium arising from the issue of shares which are the subject of the invitation to the public for subscription at S$0.23 each during the financial year ended 31 March 2007, net of the share issue expenses. The share premium is not distributable but may be applied in paying up unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premiums payable on repurchase of shares.

(ii) Contributed surplus

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

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

(iii) Share-based payment reserve

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

(iv) Translation reserve

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

(v) Statutory reserve

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

(vi) Investment revaluation reserve

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

27. DEFERRED TAX LIABILITIES

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

The Group	Accelerated tax depreciation HK$'000
At 1 April 2008	1,371
Charge to income statement for the year (note 11)	1,755
At 31 March 2009 and 1 April 2009	3,126
Credit to income statement for the year (note 11)	(142)
At 31 March 2010	2,984

28. TRADE PAYABLES

Included in trade payables are the following amounts denominated in a currency other than the presentation currency of the Group to which they relate:

	The Group	
	2010	2009
	HK$'000	HK$'000
US$	**118,563**	45,470
RMB	**15,385**	8,247
JPY	**18,280**	3,730
Others	**349**	85
	152,577	57,532

29. ACCRUALS, OTHER PAYABLES AND DEPOSITS RECEIVED

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Accruals and other payables	**88,856**	60,455	**313**	573
Deposits received	**28,769**	28,981	**-**	-
Due to directors	**4,864**	5,911	**-**	-
Staff bonus payable	**15,982**	14,785	**-**	-
Provision for sales warranties	**11,853**	14,423	**-**	-
Provision for claims from customers	**5,645**	5,191	**-**	-
	155,969	129,746	**313**	573

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

29. ACCRUALS, OTHER PAYABLES AND DEPOSITS RECEIVED (CONTINUED)

The movements of the provisions are as follows:

The Group

	Provision for sales warranties	Provision for legal and professional fee	Provision for claims from customers
	HK$'000	HK$'000	HK$'000
At 1 April 2008	16,365	4,263	6,269
Charge for the year	3,782	84	3,139
Reversal for the year	(3,202)	(4,347)	(4,217)
Realised during the year	(2,522)	-	-
At 31 March 2009 and 1 April 2009	14,423	-	5,191
Charge for the year	1,502	-	454
Reversal for the year	(2,124)	-	-
Realised during the year	(1,948)	-	-
At 31 March 2010	11,853	-	5,645

30. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Acquisition of a subsidiary

(i) Acquisition of Master Brands

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

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

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

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

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

(a) Acquisition of a subsidiary (continued)

(i) Acquisition of Master Brands (continued)

Master Brands contributed HK$Nil to the Group's profit for the year for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 April 2009, total Group turnover for the year would have been HK$1,136,124,000, and profit for the year would have been HK$58,775,000.

(ii) Acquisition of Bonder

On 30 March 2009, the Group acquired 60% of the issued share capital of Bonder for a consideration of HK$4,000,000. Bonder was engaged in co-development and manufacturing of In Vitro Diagnostic medical equipment on OEM basis during the year.

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

	The Group 2009 HK$'000
Net liabilities acquired:	
Other payables	(33)
Minority interests	13
Fair value of net liabilities acquired	(20)
Purchase consideration satisfied by:	
Cash paid	4,000
Fair value of net liabilities acquired	(20)
Goodwill arising on acquisition (note 17)	4,020
Net cash outflow arising on acquisition:	
Cash consideration paid	4,000

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

Bonder contributed HK$Nil to the Group's profit for year for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 April 2008, total Group turnover for the year would have been HK$960,059,000, and profit for the year would have been HK$53,046,000.

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

(b) Major non-cash transactions

Additions to property, plant and equipment during the year of HK$216,000 (2009: HK$Nil) were prepaid in 2009 and recorded under prepayments, deposits and other receivables.

31. BANKING FACILITIES

At 31 March 2010 and 2009, the banking facilities of the Group were secured by corporate guarantees executed by the Company and certain subsidiaries of the Group.

32. CONTINGENT LIABILITIES

At 31 March 2010 and 2009, the Group and the Company did not have any significant contingent liabilities.

33. CAPITAL COMMITMENTS

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

	The Group	
	2010	2009
	HK$'000	HK$'000
Contracted but not provided for:		
Acquisition of property, plant and machinery	**3,996**	215
Construction of factory premises	**8,611**	8,734
	12,607	8,949

34. LEASE COMMITMENTS

At 31 March 2010, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2010	2009
	HK$'000	HK$'000
Within one year	**1,225**	1,069

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.

35. 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	
	2010	2009
	HK$'000	HK$'000
Purchases of goods from:		
Nicecon Limited	**1,315**	2,188
KyoEyi Denso Limited	**268**	389
Management fee received from:		
KyoEyi Denso Limited	**-**	180
Project management fee paid to:		
Concord Building Company Limited	**960**	1,090

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

	The Group	
	2010	2009
	HK$'000	HK$'000
Trade payables to:		
Nicecon Limited	**332**	201
KyoEyi Denso Limited	**131**	16

During the financial year ended 31 March 2010, the Group has made certain advances to KyoEyi Denso Limited totalled approximately HK$297,000 (2009: HK$1,160,000) which are unsecured, interest-free and of which approximately HK$Nil (2009: HK$740,000) are repayable at the same date and the rest are repayable within the month of advancement. The Group also made certain payments totalled approximately HK$18,000 (2009: HK$178,000) on behalf of KyoEyi Denso Limited which are repayable on monthly basis. At 31 March 2010, other than trade payables of HK$131,000 (2009: HK$16,000) there was no outstanding balance due from/to KyoEyi Denso Limited (2009: HK$Nil).

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 2009 and 2010 are disclosed in note 12.

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.

36. SEGMENTS INFORMATION

The Group has two reportable segments as follows:

OEM products - original equipment manufacturer products

ODM products - original design manufacturer products

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

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

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

	OEM products HK$'000	ODM products HK$'000	Total HK$'000
Year ended 31 March 2010			
Revenue from external customers	920,008	216,116	1,136,124
Segment profit	134,988	14,483	149,471
Other material non-cash items:			
Allowance for doubtful debts	-	9,516	9,516
As at 31 March 2010			
Segment assets	242,102	31,561	273,663
Segment liabilities	32,499	29,314	61,813
Year ended 31 March 2009			
Revenue from external customers	794,399	165,660	960,059
Segment profit	134,008	22,125	156,133
Other material non-cash items:			
Allowance for doubtful debts	-	8,703	8,703
Impairment loss on goodwill recognised in the income statement	4,020	-	4,020
As at 31 March 2009			
Segment assets	74,180	28,239	102,419
Segment liabilities	34,215	19,303	53,518

36. SEGMENTS INFORMATION (CONTINUED)

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

	2010 HK$'000	2009 HK$'000
Revenue		
Total revenue of reportable segments and consolidated revenue	**1,136,124**	960,059
Profit or loss		
Total profit or loss of reportable segments	**149,471**	156,133
Unallocated corporate expenses	**(90,696)**	(103,069)
Consolidated profit for the year	**58,775**	53,064
Assets		
Total assets of reportable segments	**273,663**	102,419
Available-for-sale financial assets	**15,116**	13,539
Unallocated corporate assets	**478,502**	422,104
Consolidated total assets	**767,281**	538,062
Liabilities		
Total liabilities of reportable segments	**61,813**	53,518
Unallocated corporate liabilities	**335,186**	161,053
Consolidated total liabilities	**396,999**	214,571
Other material items		
Depreciation and amortisation	**24,153**	20,936
Loss on assets in respect of flash flood	**-**	10,000
Allowance for receivables	**9,976**	8,703
Additions of property, plant and equipment	**28,226**	80,016

36. SEGMENTS INFORMATION (CONTINUED)

Geographical information:

	Revenue		Non-current assets	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
North and Central America	**549,469**	528,102	**-**	-
Greater China	**500,944**	339,420	**189,820**	186,443
Asia Pacific	**9,996**	14,120	**-**	-
Europe	**75,715**	78,417	**-**	-
Consolidated total	**1,136,124**	960,059	**189,820**	186,443

In presenting the geographical information, revenue is based on the locations of the customers.

Revenue from major customers

During the year ended 31 March 2010, the Group's external revenue amounting to approximately HK$780 million (2009: HK$446 million) was generated from three (2009: two) 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 (2009: OEM products only).

37. 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:

	2010	2009
	HK$'000	HK$'000
Foreign exchange forward contracts - US$	**9,688**	2,325

38. EVENTS AFTER THE REPORTING PERIOD

On 17 May 2010, a final dividend of approximately HK$0.07 was proposed by the Company to its shareholders in respect of the financial year ended 31 March 2010 (note 13).

AS AT 11 JUNE 2010

Authorised share capital	:	HK$190,000,000
Issued and fully paid-up capital (including Treasury Shares)	:	HK$35,500,000
Issued and fully paid-up capital (excluding Treasury Shares)	:	HK$33,647,000
Number of issued shares (excluding Treasury Shares)	:	352,203,000 shares
Number/Percentage of Treasury Shares	:	2,797,000 (0.79%)
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	0.38	3,278	0.00
1,000	-	10,000	569	35.78	3,770,673	1.07
10,001	-	1,000,000	998	62.77	64,807,995	18.40
1,000,001	and above		17	1.07	283,621,054	80.53
			1,590	100.00	352,203,000	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1	TSE CHONG HING	78,120,442	22.18
2	CHOW KOK KIT	73,216,738	20.79
3	HUNG KAI WING	36,290,237	10.30
4	WONG HING KWAI	36,050,237	10.24
5	DBS VICKERS SECURITIES (S) PTE LTD	24,137,692	6.85
6	HONG LEONG FINANCE NOMINEES PTE LTD	7,063,000	2.01
7	CIMB SECURITIES (SINGAPORE) PTE LTD	5,908,000	1.68
8	MAYBAN NOMINEES (S) PTE LTD	4,150,000	1.18
9	HO YAM HIN	3,239,935	0.92
10	OCBC SECURITIES PRIVATE LTD	2,578,000	0.73
11	HSBC (SINGAPORE) NOMINEES PTE LTD	2,485,000	0.71
12	TSUI SUNG LAM	2,446,000	0.69
13	UOB KAY HIAN PTE LTD	1,874,773	0.53
14	KIM ENG SECURITIES PTE. LTD.	1,792,000	0.51
15	PHILLIP SECURITIES PTE LTD	1,719,000	0.49
16	MIGAN SDN BHD	1,350,000	0.38
17	YING HOLDING SDN. BHD.	1,200,000	0.34
18	TAN KAH KIAN	1,000,000	0.28
19	W. GAN SDN. BHD.	1,000,000	0.28
20	UNITED OVERSEAS BANK NOMINEES PTE LTD	950,000	0.27
		286,571,054	81.36

AS AT 11 JUNE 2010

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name	Direct Interest	%	Deemed Interest	%
Tse Chong Hing	78,120,442	22.18	-	-
Chow Kok Kit	73,216,738	20.79	-	-
Hung Kai Wing	36,290,237	10.30	-	-
Wong Hing Kwai	36,050,237	10.24	-	-

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

36.45% 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 IS HEREBY GIVEN that the Annual General Meeting of VALUETRONICS HOLDINGS LIMITED ("the Company") will be held at M Hotel Singapore, Anson II Level 2, 81 Anson Road Singapore 079908 on Friday, 23 July 2010 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 year ended 31 March 2010 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final dividend of HK7.0 cents per ordinary share (tax not applicable) for the year ended 31 March 2010 (2009: HK4.5 cents per ordinary share). **(Resolution 2)**

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

   Tse Chong Hing **(Resolution 3)**
   Siu Ping Kwong **(Resolution 4)**

   Mr Siu Ping Kwong will, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees, and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

4. To approve the payment of Directors' fees of S$160,000 for the year ending 31 March 2011, to be paid quarterly in arrears at the end of each calendar quarter. (2010: S$160,000). **(Resolution 5)**

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

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

AS SPECIAL BUSINESS

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

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

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

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

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

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

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

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

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

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

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

(a)	Proposed date of grant of Awards	:	Within one (1) month from the date of the AGM
(b)	Number of Shares comprised in the proposed Awards	:	Not exceeding 1,000,000 shares (being approximately 1.9% of the total number of Shares to be issued under the Valuetronics PSP and Valuetronics ESOS [this is on the assumption that the total number of Shares available under the Valuetronics PSP and the Valuetronics ESOS , being 15% of the total issued Shares of the Company is 52,830,450 as at the Latest Practicable Date. The total number of Shares under the Valuetronics PSP and the Valuetronics ESOS will vary depending on the issued share capital of the Company from time to time])

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

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

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

(a)	Proposed date of grant of Options	:	Within one (1) month from the date of the AGM
(b)	Number of Shares comprised in the proposed Options	:	Not exceeding 1,000,000 shares (being approximately 1.9% of the total number of Shares to be issued under the Valuetronics PSP and Valuetronics ESOS [this is on the assumption that the total number of Shares available under the Valuetronics PSP and the Valuetronics ESOS , being 15% of the total issued Shares of the Company is 52,830,450 as at the Latest Practicable Date. The total number of Shares under the Valuetronics PSP and the Valuetronics ESOS will vary depending on the issued share capital of the Company from time to time])
(c)	Exercise Price per Share (in the case of Options)	:	20% discount of the Market Price at the relevant date of grant
(d)	Exercise Period (in the case of the Options)	:	Exercisable after two (2) years from the date of grant.

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

(Resolution 10)

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

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

(a)	Proposed date of grant of Awards	:	Within one (1) month from the date of the AGM
(b)	Number of Shares comprised in the proposed Awards	:	Not exceeding 700,000 shares (being approximately 1.3% of the total number of Shares to be issued under the Valuetronics PSP and Valuetronics ESOS [this is on the assumption that the total number of Shares available under the Valuetronics PSP and the Valuetronics ESOS , being 15% of the total issued Shares of the Company is 52,830,450 as at the Latest Practicable Date. The total number of Shares under the Valuetronics PSP and the Valuetronics ESOS will vary depending on the issued share capital of the Company from time to time])

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

(Resolution 11)

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

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

(a)	Proposed date of grant of Options	:	Within one (1) month from the date of the AGM
(b)	Number of Shares comprised in the proposed Options	:	Not exceeding 700,000 shares (being approximately 1.3% of the total number of Shares to be issued under the Valuetronics PSP and Valuetronics ESOS [this is on the assumption that the total number of Shares available under the Valuetronics PSP and the Valuetronics ESOS , being 15% of the total issued Shares of the Company is 52,830,450 as at the Latest Practicable Date. The total number of Shares under the Valuetronics PSP and the Valuetronics ESOS will vary depending on the issued share capital of the Company from time to time])
(c)	Exercise Price per Share (in the case of Options)	:	20% discount of the Market Price at the relevant date of grant
(d)	Exercise Period (in the case of the Options)	:	Exercisable after two (2) years from the date of grant.

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

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

THAT:-

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

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

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

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

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

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

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

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

In this Resolution:

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

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

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

where:-

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

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

By Order of the Board

Shirley Lim Keng San
Hazel Chia Luang Chew
Company Secretaries

Singapore, 5 July 2010

Explanatory Notes:

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

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

(iii) Explanatory notes to Ordinary Resolutions 9 to 12 are set out in the Circular dated 5 July 2010.

(iv) The Ordinary Resolution 13 proposed in item 13 above, if passed, will empower the Directors from the date of the above Meeting until the next Annual General Meeting to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to 10% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price. Information relating to this proposed Resolution is set out in the Circular dated 5 July 2010.

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.