VALUETRONICS HOLDINGS LIMITED
Annual Report 2008

Value
by Design

CONTENTS

Valuetronics' Daya Bay Plant (Phase 1 completed)

CORPORATE PROFILE

At Valuetronics, we believe we are amongst an emerging breed of Electronic Manufacturing Service ("EMS") providers whose main focus is proactive engagement with the market – understanding trends in the market place, initiating solutions as well as designing and developing products that meet the ever-changing needs of customers.

Established in 1992, Valuetronics has grown through the years to become an integrated EMS provider with principal business segments ranging from Original Equipment Manufacturing ("OEM") to Original Design Manufacturing ("ODM") services. Our proactive philosophy in customer engagement, our design and development ("D&D") as well as integrated manufacturing capabilities ranging from plastic tool fabrication and injection molding, metal stamping and machining, Surface Mount Technology ("SMT") and finished product assembly on full turnkey basis. This sets us apart from traditional EMS providers.

Our wide product and customer range testifies to our design, development, engineering and manufacturing capabilities. Our customers are owners of well-known international brands in the industrial and commercial electronics sector, and consumer electronics sector.

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

HIGH PRECISION GPS

High Precision GPS solutions are used in agricultural settings to minimize costs and maximize yields. Valuetronics provides a full suite of manufacturing services to this GPS customer from PCB Assembly to final box-build assembly.

CHAIRMAN'S STATEMENT

Dear Shareholders,

The year FY2008 has been another year of solid growth, made all the more significant by the fact that it is our first full year of business operation as a listed company on the Mainboard of the Singapore Exchange ("SGX").

Financially, FY2008 has been a rewarding year as we registered a 22.0% growth in net profit after tax to HK$90.5 million, compared to HK$74.2 million in the year before. The Group's overall revenue for FY2008 climbed 22.1% to HK$884.2 million, compared to HK$723.9 million recorded in the corresponding period last year.

We are encouraged by the steady growth we've shown quarter to quarter over the past year, even as some indicators pointed to a slowdown in consumer demand in the US market. I am optimistic that we have the right approach to partnering with our customers through collaborative design and development. The growing diversity of customers and our ability to continuously launch new products put the Group on the path of sustained growth.

Encouraging Performance

Overall revenue growth was boosted by rising sales to major customers such as Philips, Graco, Hemisphere and Transact. In particular, the Group witnessed strong order flow from its industrial customers, Hemisphere and Transact, resulting in continued growth in revenue for the final quarter of FY2008.

Segmentally, the Group's OEM segment rose strongly to HK$680.5 million, a 30% growth from HK$523.5 million registered last year. Strong demand from existing customers continued to drive growth in this segment. The shipment of new product models for Hemisphere and Transact also added to growth in this segment.

The Group's ODM segment grew by a narrower 1.7% to HK$203.7 million, compared to HK$200.3 million last year. This is due to a slowdown in orders from our major customer in the household appliances industry. Nonetheless, the Group maintained modest growth together with the commencement of shipment of Graco's new baby monitor models and portable battery chargers for private label customers.

Rising Profitability

Gross profit for FY2008 rose 24.3% from HK$146.5 million to HK$182 million as compared to the previous corresponding period. The Group's gross margins expanded from 20.2% in FY2007 to 20.6% in FY2008 in step with the increased in turnover and also due to increasing sales to high-mix low-volume industrial customers which tended to offer better gross margins.

Profit before tax for FY2008 grew 17.4% to HK$100.3 million even with increases in selling and distribution costs and administrative expenses. The Group's profit after tax grew to HK$90.5 million, or earnings per share of HK25.5 cents. This brought our net margins to 10.2% for FY2008.

Anticipating Possible Slowdown

The credit crunch in the US and the ensuing softening of consumer sentiments gave us some cause to anticipate the slowdown in demand for consumer electronic products. Hence, since the middle of last year, we have focused our efforts in cultivating new industrial and commercial customers. The rise in orders from Hemisphere and Transact is a reflection of this recent focus.

TRANSACTION PRINTERS

High quality and reliable transaction printers are required for high volume transactions and in demanding environments like at bank counters, consumer point-of-sale and gaming venues. Our years of experience in designing and manufacturing a wide range of printer mechanism sub-assembly and finished products help us meet the toughest demands of our customer.

In the year to come, we aim to seek a stronger foothold in these sectors not only to provide a buffer against a possible slowdown in consumer spending but as a long term strategic diversification of customer base.

Financially, we are in a strong position with a cash and bank balance of HK$181.7 million as at 31 March 2008, despite the heavy investment to complete the Daya Bay plant. As we complete the construction of our new Daya Bay plant in March 2008, we are now ready to take our manufacturing competencies to a higher level and cater to the anticipated rise in orders for the coming year.

Managing in Challenging Times Ahead

All in all, we are adopting a cautious but optimistic approach to the coming year. The Group anticipates the trend of continued weakening demand in household appliances industry. However, we believe we will be able to mitigate some of the negative effects of this slowdown by working proactively with our diversified group of customers to develop more in-demand products across the industrial and consumer segments. Recently, the Group added a new division of the Philips Group to its growing customer base.

Aside from keeping a close watch on these economic indicators, our approach during this time of uncertainty is to collaborate even more closely with customers on all fronts, from understanding their market needs to design and development to manufacturing cost, turnaround time and quality. This is the key to responding to external change.

We have started to ship an energy saving product for commercial use to a major customer as the first of several new products to move from trial production to mass production.

Regardless of good times or bad, as an integrated electronics manufacturing service provider, cost control and efficiency is always at the top of our management agenda. Domestically, within the PRC, labour costs, material prices and hikes in commodity prices are likely to weigh in on the competitive pressures facing the electronics manufacturing industry. We will seek to counter these by continuing our cost-saving and efficiency drives. At the Board level, we are continuing to improve on board processes including putting in place Group wide policies and procedures to meet the challenges ahead.

In concluding my statement, I would like to thank our customers, business partners, and especially, the management and staff of Valuetronics who have worked tirelessly to achieve the strong performance we witnessed in FY2008.

To all new and existing shareholders, the Board is pleased to propose a final dividend of HK$0.078 per share. We certainly look forward to your continuous support and feedback in the years to come.

Thank you.

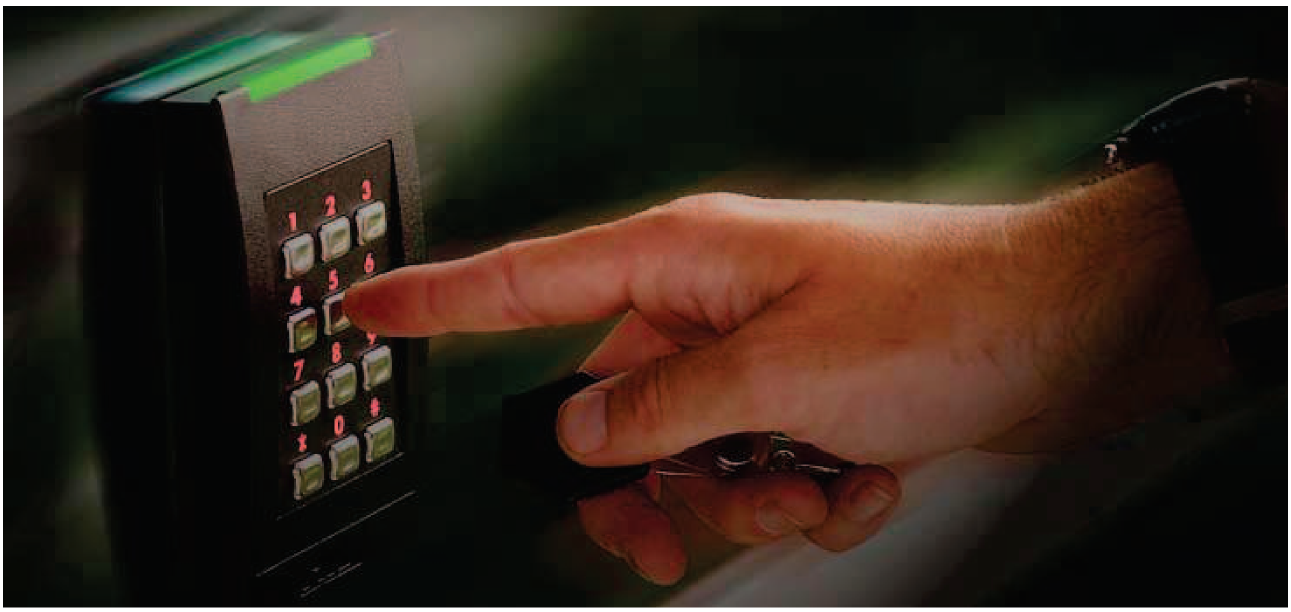
MR TSE CHONG HING
Managing Director and
Executive Chairman

FINANCIAL HIGHLIGHTS

Item	Desc		FY 2008 HK$ Million	FY2007 HK$ Million	FY2006 HK$ Million
1	Revenue	ODM	**203.7**	200.4	142.2
		OEM	**680.5**	523.5	459.7
		Total	**884.2**	723.9	601.9
2	Profit Before Tax	Total	**100.3**	85.4	66.3
		Margin (%)	**11.3%**	11.8%	11.0%
3	Profit After Tax	Total	**90.5**	74.2	58.7
		Margin (%)	**10.2%**	10.3%	9.8%
4	Earnings Per Share - Basic (HK Cents)	Total	**25.5**	27.4 *	21.7 *
5	Net Asset Value Per Share (HK Cents)	Total	**83.8**	62.9 #	27.7 #

* Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company of approximately HK$74,215,000 (FY2006: HK$58,694,000) by the weighted average number of ordinary shares in issue of 271,164,384 (FY2006: 270,000,000) 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 (FY2006: HK$74,817,000) by the weighted average number of ordinary shares in issue of 271,164,384 (FY2006: 270,000,000) during the financial year ended 31 March 2007.

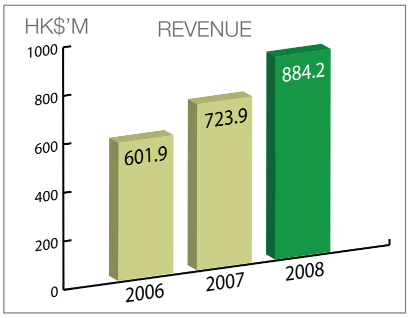


FINANCIAL REVIEW

REVENUE

Overall, the Group recorded steady revenue growth of 22.1% or HK$160.3 million from HK$723.9 million for the year ended 31 March 2007 (FY2007) to HK$884.2 million for the year ended 31 March 2008 (FY2008). This was driven by rising sales contribution from customers from both ODM and OEM segments.

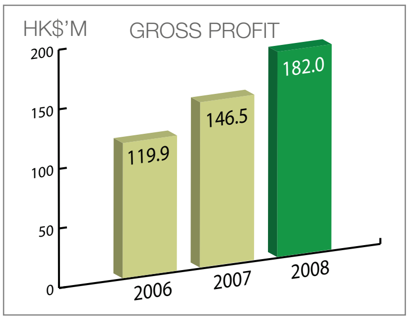
In the OEM segment, revenue increased by 30% to HK$680.5 million in FY2008 from HK$523.5 million in FY2007. This year we commenced the shipment of new product models to Hemisphere and Transact. In the ODM segment, revenue rose by 1.7% to HK$203.7 million in FY2008 from HK$200.3 million in FY2007. This increase was mainly due to the shipment of new baby monitor models to Graco as well as a series of portable battery chargers to private label customers.



GROSS PROFIT

Despite the provision for economic compensation in accordance with the new China Labour Contract Law during the year, the Group managed to maintain a healthy gross profit margin due to our strategic focus on increasing sales to high-mix low-volume industrial and commercial customers under the OEM segment. Overall, due to our continuous cost control, component and raw material purchasing strategy and inventory management efforts, we were able to achieve a healthy cost structure for our cost of goods sold.

The Group registered a strong gross profit growth of 24.3% to HK$182 million in FY2008 from HK$146.5 million in FY2008. We have demonstrated our ability to grow our gross profit margin from 20.2% in FY2007 to 20.6% in FY2008.



OTHER INCOME

Other income increased by 14.9% to HK$10.9 million in FY2008 from HK$9.5 million in FY2007. This was due to an increase in interest income resulting from higher level of bank and cash balances, and offset by less tooling income earned during the year.

OPERATING EXPENSES

Selling and distribution costs rose by 20.2% to HK$20.3 million in FY2008 from HK$16.9 million in FY2007. Increase in sales commission paid to our sales representatives rose but was nevertheless in line with the increase in revenue for the Group. Administrative expenses edged up 15.7% to HK$72.2 million in FY2008 from HK$62.4 million in FY2007. This was mainly due to the annual salary increment for staff, bonus provisions for the year, increased administrative costs related to operating as a public company, and provision for economic compensation in accordance with the new China Labour Contract Law.

Net other operating gain decreased by HK$8.9 million from HK$9.1 million in FY2007 to HK$0.2 million in FY2008. This was due to a significant reversal of inventories obsolescence in FY2007, which was not repeated in FY2008.

PROFIT AFTER TAX

As a result of strong revenue and gross margins coupled with control over operating expenses, profit before tax rose by 17.4% to HK$100.3 million in FY2008 compared to HK$85.4 million in

ACCESS CARD READER

Our customer is a leader in the development and implementation of sophisticated access controls systems for diverse and demanding environment. At Valuetronics, we leverage on our experience and capabilities in integrated EMS to deliver a growing range of products starting from access card readers to other access control equipment.

FY2007. The Group's income tax expense decreased by 13.0% to HK$9.7 million in FY2008 compared to HK$11.2 million in FY2007, due to the reversal of over provision of HK$1.7 million Hong Kong tax in FY2008.

Hence, the Group's profit after tax came in at HK$90.5 million for FY2008, an increase of 22.0%, compared to HK$74.2 million for FY2007.

FINANCIAL POSITION

The Group continued to maintain a healthy balance sheet, with rising cash and bank balances and a strong asset base.

The main components of non-current assets come in the forms of prepaid land lease payments and land use rights and property, plant and equipment. The Group's prepaid land lease payments and land use rights amounted to HK$24 million as at 31 March 2008. This represented HK$3.4 million of prepaid land lease payments of warehouse and ancillary office in Hong Kong and HK$20.6 million of land use rights of a piece of land in Daya Bay Economy and Technology Development District, Huizhou City, Guangdong Province, PRC ("the Daya Bay site") and staff quarters in Huizhou City, Guangdong Province, PRC. The increase of HK$58.4 million in property, plant and equipment was mainly for the purchase of plant and machinery and the construction in progress of new factory premises at the Daya Bay site.

In the area of current assets, the Group's inventory balance increased by HK$41.2 million from HK$69.2 million as at 31 March 2007 to HK$110.4 million as at 31 March 2008. The increase follows in step with our growth in revenue and the build up of certain buffered stocks to prepare for temporary production suspension in order to relocate certain production facilities from our existing factory to our new factory premises at Daya Bay site in Q1 FY2009.

In line with the growth in revenue, the Group's trade receivables increased by about HK$4 million from HK$131.6 million to HK$135.6 million. In turn, the Group's trade payables remained stable at HK$120.6 million as at 31 March 2008.

KEY FINANCIAL RATIOS

	FY2008	FY2007
Turnover Ratios (Days)		
Inventory Turnover	57	44
Receivables' Turnover	56	66
Payables' Turnover	63	76
Liquidity Ratios		
Current Ratio (x)	1.7	1.7
Returns (%)		
ROE	30.4	33.3
ROA	16.1	16.1
ROCE	31.3	36.5

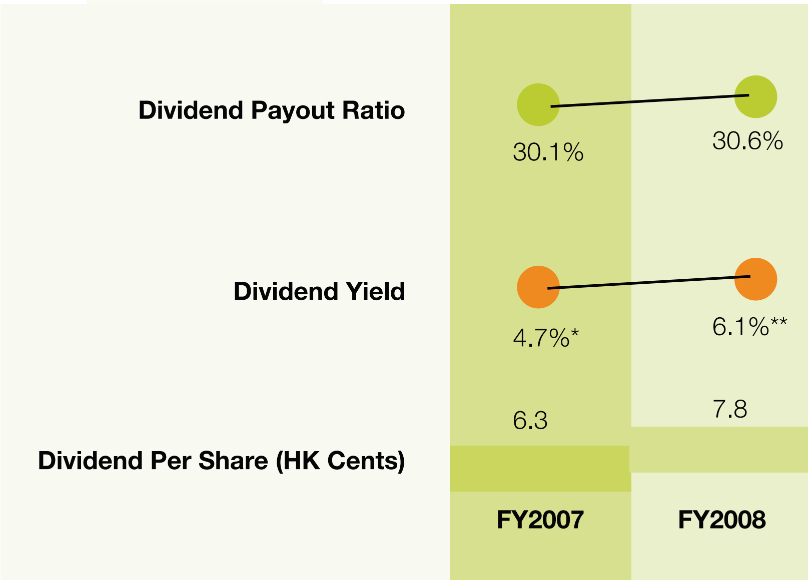
CASH FLOW

The Group's cash position remains strong. Cash and cash equivalents held by the Group increased slightly by HK$5.1 million from HK$176.6 million as at 31 March 2007 to HK$181.7 million as at 31 March 2008. The net increase in cash inflow from operating activities was offset by the outflow for higher investing activities such as construction of new plant and purchase of equipment, and the payment of final dividends in respect of the previous financial year.

HK$'000	FY2008	FY2007
Operating Cash Flows	81,249	49,103
Investing Cash Flows	(50,543)	(26,495)
Financing Cash Flows	(25,605)	77,331
Increase in Cash & Cash Equivalents	5,101	99,939
Cash & Cash Equivalents at Beginning of the FY	176,590	76,651
Cash & Cash Equivalents at End of the FY	181,691	176,590

DIVIDEND

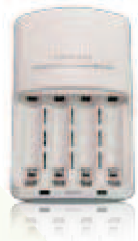
In view of the strong financial performance in FY2008 and our capital requirements for the coming year, the Board has proposed a final dividend per share of HK 7.8 cents for FY2008.



*Calculated based on exchange rate HK$5.1 = S$1 / share price S$0.265

**Calculated based on exchange rate HK$5.6 = S$1 / share price S$0.230

OPERATIONS REVIEW



New Facility Setup

- Layout of the new facility at Daya Bay was completed in FY2007
- New facility is around 15 minutes drive from current facility
- 1st Phase of facility with factory floor area of 30,000 square meters completed in 1Q FY2009

CAPABILITIES DEVELOPMENT

In FY2008, the Group continued to grow and enhance its design and development capabilities through close collaboration with key customers.

Firstly, with its collaboration with Transact, the Group has successfully transitioned from the production of printer mechanism sub-assembly to full box-build assembly for its range of printers. In addition, the Group has also leveraged on its capabilities in manufacturing printer to participate in the development of new range of inkjet printers, adding to its current production of thermal printers.

Secondly, leveraging on its in-house EMS capabilities, the Group partnered with a research firm in Beijing to co-develop and produce portable battery chargers for a number of private label customers.

Finally, the Group successfully went through a research and development capability audit by Philips Global Competence Center in FY2008. In addition, through its successful collaboration with various divisions of Philips, Valuetronics has begun to produce a range of energy-saving lighting devices in FY2009.

HUMAN RESOURCE DEVELOPMENT

In the area of human resource development, Valuetronics engaged in several initiatives to enhance its skilled production labour force, its engineering and management talents.

For skilled production labour force, the Group partnered with three vocational institutes in the PRC to provide on-the-job training for some of their students who will, upon completion of their studies, become full time members of the Group's production staff. The Group has also actively sought and recruited engineering and management graduates from universities in the PRC.

As part of its ongoing effort in raising skill level 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's total workforce, comprising management, engineering and production staff, stood at more than 2,600 as at 31 March 2008.

OPERATIONS REVIEW

LOOKING AHEAD

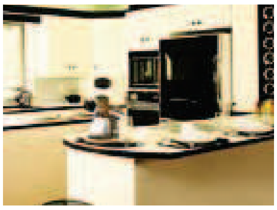
While the strong results in FY2008 demonstrated the Group's ability in meeting market demand and competition, a number of external factors continue to weigh in on the outlook for the coming year.

As the credit crunch resulting from the US subprime mortgage crisis has impacted US consumer spending, the Group believes that demand in household appliances industry will weaken. To mitigate this possible weakness, Valuetronics will work proactively with its diversified group of customers to explore and develop products that are still in good demand across the industrial and consumer segments.

Rising cost will be another key challenge. Spikes in commodity prices, rising inflation and labour cost in the PRC. Continued depreciation of the USD against RMB will also add pressure to financial performance. To mitigate the impact of these trends, Valuetronics will continue to drive efficiency and raise productivity at production units and exercise stringent control over operating costs at all levels of management.

Overall, the Group will continue to engage proactively in design and development with all customers, whilst raising productivity, and efficiency, and strengthening cost control.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Independent and Non-Executive:
Chow Kok Kee
(Lead Independent Director)
Lim Chin Tong
Siu Ping-Kwong

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 Corporate Services (Bermuda) Ltd [(2)]

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Bermuda

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Bermuda

SINGAPORE SHARE TRANSFER AGENT
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Singapore 089758

JOINT 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)

Foo Kon Tan Grant Thornton
Certified Public Accountants
47 Hill Street #05-01
Singapore Chinese Chamber of
Commerce & Industry Building
Singapore 179365

Partner in charge: Leung Tak Kuen
(with effect from FY2007)

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

BOARD OF DIRECTORS

MR TSE CHONG HING

Chairman and Managing Director

Tse Chong Hing is the Chairman and Managing Director of our Company. He joined the Group in November 1996 as the Assistant to the then Managing Director. Mr Tse is responsible for strategic planning and the general management of our Group and has over 16 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 21 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 36 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). He was awarded the University Gold Medal for academic excellence. He also holds a Masters 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.

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 backend semiconductor assembly equipment solutions provider. He spent 20 years in government with the Economic Development Board before moving to the private sector as CEO of Xpress Holdings Ltd. Amongst his other corporate responsibilities, Mr Lim sits on the Board of FibreChem Technologies Ltd, Rotol Singapore Ltd, Link Hi Holdings Ltd, Metal Component Engineering 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 20 years of experience in accounting and finance, having overseen finance functions of various Hong Kong based companies since 1986. At present, Mr Siu heads the Finance Department of the Asia Pacific region of William Grant & Sons Distillers. Mr Siu is an associate of the Hong Kong Institute of Certified Public Accountants, member of the Institute of Chartered Accountants in England and Wales and a fellow of the Association of Chartered Certified Accountants. He holds a Masters in Business Administration awarded by the Heriot-Watt University, Edinburgh, United Kingdom and a Masters of Science in Information System Management from the Hong Kong University of Science and Technology.

KEY EXECUTIVES

MR WONG HING KWAI
Director, Honor Tone Plastics

Wong Hing Kwai is Director of HTP. Mr Wong is responsible for the overall management of HTP. He has over 31 years of experience in plastic injection moulding, holds a Bachelor of Engineering Degree from Shanghai Jiao Tong University, PRC.

MR LAM BIN KIM
Group Financial Controller

Lam Bin Kim is our Group Financial Controller. He joined our Group in July 2007. He is responsible for overseeing the financial and accounting functions of the Group. Mr Lam is a fellow of the Hong Kong Institute of Certified Public Accountants and an Australian Certified Practising Accountant. He holds a Master degree in Business Administration from the University of Western Sydney, Australia, in addition to a Bachelor degree in Accounting from Victoria University, Australia. Mr. Lam has more than 14 years of auditing, accounting and financial management experience in multi-national and Hong Kong listed companies. Prior to joining Valuetronics, Mr Lam was the Vice President – Finance of a Hong Kong listed group.

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 17 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 Masters Degree in Business Administration from the University of Rochester, USA.

MR LAU TAK WAH
Senior Program Manager

Lau Tak Wah is our Group's Senior Program Manager and is responsible for customer program management and customer service. He joined our Group in September 2004. Mr Lau has over 14 years of experience in customer management with various EMS companies in the PRC. Mr Lau holds a Master Degree in Business Administration 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 HUANG JIAN YUAN
Operation Manager

Huang Jian Yuan is the Group's Operations Manager and he joined our Group in September 2007. He oversees the factory operations of the Group. His area of responsibilities include business units management, production, manufacturing engineering, materials planning, logistics and campus administration.

Mr. Huang has more than 16 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 degree in Engineering from National University of Singapore and a graduate diploma in business administration with Singapore Institute of management.

MR HO YAM HIN
General Manager, Honor Tone Plastics

Ho Yam Hin is HTP's General Manager and assists Mr Wong Hing Kwai in the overall management of HTP. He joined our Group in March 2000 and has over 22 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.

CORPORATE GOVERNANCE REPORT

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 processes and activities 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 there are deviations from the Code, appropriate explanations are provided.

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 significant 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 include 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 update the Board 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 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 FY2008	**4**	**4**	**1**	**2**
Executive Director				
Tse Chong Hing	4	N/A	N/A	N/A
Chow Kok Kit	4	N/A	N/A	N/A
Hung Kai Wing	4	N/A	N/A	N/A
Independent Non-Executive Director				
Chow Kok Kee	4	4	1	2
Lim Chin Tong	4	4	1	2
Siu Ping-Kwong	4	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 Directors visited the Group's facilities in China in March 2008 for a better understanding of the Group's operations. 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	Audit Committee	Nominating Committee	Remuneration Committee
Tse Chong Hing	Chairman and Managing Director	25 August 2006	-	-	-
Chow Kok Kit	Executive Director	25 August 2006	-	-	-
Hung Kai Wing	Executive Director	25 August 2006	-	-	-
Chow Kok Kee	Lead Independent Director	6 February 2007	Chairman	Member	Member
Lim Chin Tong	Independent Director	6 February 2007	Member	Member	Chairman
Siu Ping-Kwong	Independent Director	6 February 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 non-executive 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 Management proposals or, decisions, they bring 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 Chairman and Managing Director functions in the Company are assumed by Mr Tse Chong Hing. The Board has adopted a single leadership structure with the Chairman of the Board and the Managing Director roles held by the same person, so as to ensure that the decision-making process of the Group would not be unnecessarily hindered. The working 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, understand the business of the Company and the Group thoroughly, 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'), regulated by a set of written terms of reference, comprises three independent non-executive directors:

Siu Ping-Kwong, Chairman
Chow Kok Kee
Lim Chin Tong

The NC Chairman is not associated with a 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;
- determine annually whether a director is independent;
- make recommendations to the Board on all board appointments;
- recommend the nomination of Directors retiring by rotation to be put forward for re-election;
- assess the effectiveness of the Board as a whole and the contribution of each of the Directors to the effectiveness of the Board; and
- assess the commitment of each Director of the Company, in relation to multiple directorships held by Directors.

The NC had adopted a Process for Selection and Appointment of new Directors in FY2008. This provides the procedure for identification of potential candidates' skills, knowledge and experience, assessment of candidates' suitability and recommendation for nomination to the Board.

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

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

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

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

An evaluation of the Board's performance for FY2008 was conducted. The objective of the evaluation process is to assess and identify areas for continuous improvement to the Board's overall effectiveness. It is conducted by way of a board evaluation questionnaire through which each director is required to complete and to assess individually the Board as a whole on several parameters namely, the 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 are made to the Board for consideration for further improvements to help the Board to discharge its duties more effectively.

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.

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 a set of written terms of reference, comprises three independent non-executive directors.

Lim Chin Tong, Chairman
Chow Kok Kee
Siu Ping-Kwong

Although none of the members specializes in the field of executive compensation, the 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. These include a profit sharing scheme that is performance related to align their interests with those of the shareholders. The remuneration packages for key executives 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 determining specific remuneration packages for each executive director and key executives, the RC will take into account pay and employment conditions within the same industry and in comparable companies as well as the Company's performance and that of the individuals.

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 year ended 31 March 2008 and S$160,000 for the year ending 31 March 2009 to be paid quarterly in arrears. These recommendations will be tabled for shareholders' approval at the forthcoming AGM.

Principle 9: Disclosure of Remuneration

A summary remuneration table of the Directors for the year ended 31 March 2008 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$1,000,000 - S$1,250,000	1
S$750,000 - S$999,999	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 adopted a share option scheme for eligible employees, including all directors of the Company and the Group. In FY2008, 1,000,000 share options granted to the Company's executives under the option scheme.

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. The 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'), regulated by a set of written terms of reference, comprises three independent non-executive 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 Committee 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 without the presence of Management in respect of the Group's FY2008 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 other matters. Under these procedures, arrangements are in place for independent investigation of such matters raised and for appropriate follow up action.

The joint external auditors, RSM Nelson Wheeler and Foo Kon Tan Grant Thornton did not provide any non-audit service for the year ended 31 March 2008 and hence the AC is of the opinion that there is no issue relating to provision of non-audit services that may affect their independence.

Foo Kon Tan Grant Thornton has given notice to the Directors that they are not seeking re-appointment as joint auditors at the forthcoming AGM. The AC had reviewed the proposed change of auditors and recommended the re-appointment of RSM Nelson Wheeler as the sole auditors of the Company 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 external auditors carry out a review of the Company's accounting controls to the extent of their scope as laid out in their audit plan in the course of their annual statutory audit. Material internal control weaknesses noted during their audit are reported to the AC.

The Group has appointed PricewaterhouseCoopers in FY2008 to carry out the internal audit function. The internal auditor reports to the Chairman of the AC and its scope of work will be agreed with the AC on an annual basis. The AC will assess the adequacy of the internal audit function on an annual basis.

The 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
- 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 on 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 Group monitors all transactions with interested person closely.

IPTs conducted for the financial year ended 31 March 2008 are as follows:

Name of Interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	
	FY2008	FY2007
	HK$'000	HK$'000
(a) Concord Building Co. Ltd. – project management fee paid for new site construction	800	621
(b) Nicecon Ltd. - purchase	2,897	2,093

CORPORATE GOVERNANCE REPORT

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 the management, who will then 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 hedging, 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.

STATUS REPORT ON USE OF IPO PROCEEDS

Up to 31 March 2008, the Group has utilized approximately S$6.5 million for the first phase of construction of factory premises at Daya Bay site and purchase of machinery and equipment. Management confirmed that this was in line with the Company's planned utilization of funds.

REPORT OF THE DIRECTORS

The Directors of the Company are pleased to present their report together with the audited financial statements of the Company and of the Group for the financial year ended 31 March 2008.

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.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The Directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations except as follows:

	In the Name of Directors		Deemed interest	
	At beginning of the financial year At 1.4.2007	At end of the financial year At 31.3.2008	At beginning of the financial year At 1.4.2007	At end of the financial year At 31.3.2008
	Ordinary Share of HK$0.1 each	Ordinary Share of HK$0.1 each	Ordinary Share of HK$0.1 each	Ordinary Share of HK$0.1 each
The Company				
Mr. Tse Chong Hing	77,920,442	77,920,442	-	-
Mr. Chow Kok Kit	73,076,738	73,076,738	-	-
Mr. Hung Kai Wing	36,150,237	36,150,237	-	-
Mr. Chow Kok Kee	50,000	50,000	-	-
Mr. Lim Chin Tong	50,000	50,000	-	-
Mr. Siu Ping-Kwong	50,000	50,000	-	-

There was no change in Directors' interest between the end of the financial year and 21 April 2008.

4. CONTRACTUAL BENEFITS OF DIRECTOR

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 has received remuneration from the Company in the capacity as Directors which was disclosed in the financial statements.

5. OPTIONS EXERCISED

During the financial year, 1,000,000 share options to take up unissued shares of the Company or any corporation in the Group was granted to the Company's executives.

6. OPTIONS TO TAKE UP UNISSUED SHARES

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

7. UNISSUED SHARE UNDER OPTIONS

During the year ended 31 March 2008, the Company issued 1,000,000 share options under the Valuetronics Employees' Share Option Scheme. None of the options were exercised. At the end of the financial year, there were 1,000,000 unissued ordinary shares of S$0.225 each in respect of share options granted (31 March 2007: Nil).

8. AUDIT COMMITTEE

The members of the Audit Committee at the date of this report are as follows:

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

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

- Reviewed with the external auditors their audit plan;
- Reviewed with the external auditors their evaluation of the Company's system of internal controls, and their audit report on the financial statements;
- Reviewed the financial statements of the Group and the Company prior to its submission to the Board of Directors for adoption;
- Reviewed non-audit services provided by the external auditors and the independence and objectivity of the external auditors;
- Reviewed 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;

8. AUDIT COMMITTEE (cont'd)

Foo Kon Tan Grant Thornton has consented not to seek re-appointed as joint auditors at the forthcoming AGM. The AC had reviewed and recommended the re-appointment of RSM Nelson Wheeler as the sole auditors of the Company at the forthcoming AGM.

9. AUDITORS

Foo Kon Tan Grant Thornton has consented not to seek re-appointment as auditors at the forthcoming AGM.

RSM Nelson Wheeler has expressed their willingness to accept the re-appointment.

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 26 May 2008, which would materially affect the Group's and the Company's operating and financial performance as of the date of this report.

ON BEHALF OF THE BOARD OF DIRECTORS

TSE CHONG HING
Director

CHOW KOK KIT
Director

11 June 2008

STATEMENT BY DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

The Board of Directors is 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.

In the opinion of the Directors, the accompanying balance sheets, consolidated income statement, consolidated statement of changes in equity and the consolidated cash flow statement, 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 2008 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

11 June 2008

INDEPENDENT AUDITORS' REPORT

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 30 to 70, which comprise the consolidated and Company balance sheets as at 31 March 2008, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement 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.

Auditors' 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 auditors' 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 auditors consider 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 2008, and of the Group's results and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Foo Kon Tan Grant Thornton
Certified Public Accountants
Singapore

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

11 June 2008

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

	Note	2008 HK$'000	2007 HK$'000
Revenue	6	**884,190**	723,867
Cost of sales		**(702,153)**	(577,403)
Gross profit		**182,037**	146,464
Other income	7	**10,888**	9,477
Selling and distribution costs		**(20,284)**	(16,874)
Administrative expenses		**(72,217)**	(62,429)
Net other operating gain	8	**192**	9,096
Profit from operations		**100,616**	85,734
Finance costs	9	**(343)**	(328)
Profit before tax		**100,273**	85,406
Income tax expense	11	**(9,734)**	(11,191)
Profit attributable to shareholders of the Company for the year	12	**90,539**	74,215
Dividends	13	**27,690**	42,365
Earnings per share (Hong Kong cents)	14		
- Basic		**25.5**	27.4

BALANCE SHEETS

AS AT 31 MARCH 2008

	Note	The Group 2008 HK$'000	The Group 2007 HK$'000	The Company 2008 HK$'000	The Company 2007 HK$'000
ASSETS					
Non-current assets					
Prepaid land lease payments and land use rights	15	**24,079**	18,244	**-**	-
Property, plant and equipment	16	**97,216**	38,823	**-**	-
Investments in subsidiaries	17	**-**	-	**83,330**	83,330
Deposits paid for acquisition of properties and land use rights	18	**-**	6,144	**-**	-
Club membership, at cost		**200**	200	**-**	-
Long term receivables	19	**2,090**	2,000	**-**	-
		123,585	65,411	**83,330**	83,330
Current assets					
Available-for-sale financial assets	20	**3,850**	11,610	**-**	-
Inventories	21	**110,378**	69,197	**-**	-
Trade receivables	22	**135,577**	131,624	**-**	-
Prepaid land lease payments and land use rights	15	**525**	392	**-**	-
Prepayments, deposits and other receivables		**6,304**	5,521	**217**	-
Long term receivables - current portion	19	**550**	-	**-**	-
Due from subsidiaries	17	**-**	-	**110,300**	28,015
Bank and cash balances	23	**181,691**	176,590	**23,945**	99,858
		438,875	394,934	**134,462**	127,873
Total assets		**562,460**	460,345	**217,792**	211,203
EQUITY					
Equity attributable to shareholders of the Company					
Share capital	25	**35,500**	35,500	**35,500**	35,500
Reserves	27	**262,083**	187,623	**180,657**	169,592
Total equity		**297,583**	223,123	**216,157**	205,092
LIABILITIES					
Current liabilities					
Trade payables	28	**120,565**	120,555	**-**	-
Accruals, other payables and deposits received	29	**136,305**	110,392	**1,635**	6,111
Current tax liabilities		**6,636**	4,217	**-**	-
		263,506	235,164	**1,635**	6,111
Non-current liabilities					
Deferred tax liabilities	30	**1,371**	2,058	**-**	-
Total liabilities		**264,877**	237,222	**1,635**	6,111
Total equity and liabilities		**562,460**	460,345	**217,792**	211,203

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

		Attributable to the shareholders of the Company								
			Reserves							
	Note	Share capital	Share premium	Merger reserve	Share-based payment reserve	Translation reserve	Statutory reserve	Retained earnings	Total reserves	Total
			(note 27(c)(i))	(note 27(c)(ii))	(note 27(c)(iv))	(note 27(c)(v))	(note 27(c)(vi)			
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
1 April 2006		130	402	-	-	(15)	-	74,300	74,687	74,817
Share issue expenses	25(c)	-	(5,614)	-	-	-	-	-	(5,614)	(5,614)
Net expense recognised directly in equity		-	(5,614)	-	-	-	-	-	(5,614)	(5,614)
Profit for the year		-	-	-	-	-	-	74,215	74,215	74,215
Total recognised income and expense for the year		-	(5,614)	-	-	-	-	74,215	68,601	68,601
Issuance of new shares pursuant to the Restructuring Exercise	25(b)(ii)	27,000	-	-	-	-	-	-	-	27,000
Adjustment arising from the Restructuring Exercise		(130)	(402)	(26,468)	-	-	-	-	(26,870)	(27,000)
Transfer to merger reserve		-	-	26,468	-	-	-	(26,468)	-	-
Issuance of new shares pursuant to public offer and placement	25(c)	8,500	91,205	-	-	-	-	-	91,205	99,705
Interim dividend paid to the then shareholders of Value Creation	13	-	-	-	-	-	-	(20,000)	(20,000)	(20,000)
At 31 March 2007		35,500	85,591	-	-	(15)	-	102,047	187,623	223,123
Representing:										
At 31 March 2007 after proposed final dividend								79,682		
Proposed final dividend	13							22,365		
Equity attributable to equity holders of the Company								102,047		
At 1 April 2007		35,500	85,591	-	-	(15)	-	102,047	187,623	223,123
Translation difference		-	-	-	-	6,156	-	-	6,156	6,156
Net income recognised directly in equity		-	-	-	-	6,156	-	-	6,156	6,156
Profit for the year		-	-	-	-	-	-	90,539	90,539	90,539
Total recognised income and expense for the year		-	-	-	-	-	-	90,539	96,695	96,695
Dividend paid		-	-	-	-	-	-	(22,365)	(22,365)	(22,365)
Share-based payments		-	-	-	130	-	-	-	130	130
Transfer to statutory reserve		-	-	-	-	-	94	(94)	-	-
At 31 March 2008		35,500	85,591	-	130	6,141	94	170,127	262,083	297,583
Representing:										
At 31 March 2008 after proposed final dividend								142,437		
Proposed final dividend	13							27,690		
Equity attributable to equity holders of the Company								170,127		

The Company was incorporated in Bermuda on 18 August 2006. For presentation purpose, the Group's share capital and share premium prior to the date of completion of the restructuring exercise to rationalise the structure of the Group for preparation of the listing of the Company's shares on the SGX-ST (the "Restructuring Exercise"), details of Restructuring Exercise are set out in the Company's prospectus dated 16 March 2007, represented the share capital and share premium of Value Creation Enterprises Limited ("Value Creation") which was the holding company of the other companies comprising the Group prior to the completion of the Restructuring Exercise.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

	2008 HK$'000	2007 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**100,273**	85,406
Adjustments for:		
Amortisation of prepaid land lease payments and land use rights	**678**	50
Depreciation	**12,417**	11,021
Equity-settled share-based payments	**130**	-
Gain on disposals of property, plant and equipment	**(436)**	(174)
Interest expenses	**1**	4
Interest income	**(6,633)**	(3,116)
Operating profit before working capital changes	**106,430**	93,191
Increase in prepaid land lease payments and land use rights	**-**	(9,138)
Increase in deposits paid for acquisition of properties and land use rights	**-**	(6,144)
Increase in long term receivables	**(424)**	(2,000)
Increase in inventories	**(41,181)**	(14,454)
Increase in trade receivables	**(3,953)**	(43,846)
Increase in prepayments, deposits and other receivables	**(783)**	(1,084)
Increase in trade payables	**10**	21,616
Increase in accruals, other payables and deposits received	**29,153**	21,671
Cash generated from operations	**89,252**	59,812
Income tax paid	**(8,002)**	(10,705)
Interest paid	**(1)**	(4)
Net cash from operating activities	**81,249**	49,103
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposals of available-for-sale financial assets	**36,066**	-
Proceeds from disposals of property, plant and equipment	**575**	247
Purchase of available-for-sale financial assets	**(28,306)**	(7,760)
Purchase of property, plant and equipment	**(65,511)**	(25,000)
Decrease in pledged fixed deposit	**-**	3,102
Purchase of club membership	**-**	(200)
Interest received	**6,633**	3,116
Net cash used in investing activities	**(50,543)**	(26,495)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	**(22,365)**	(20,000)
Net proceeds from issuance of new shares	**-**	97,331
Share issue expenses paid	**(3,240)**	-
Net cash (used in)/from financing activities	**(25,605)**	77,331
INCREASE IN CASH AND CASH EQUIVALENTS	**5,101**	99,939
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	**176,590**	76,651
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	**181,691**	176,590
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	**181,691**	176,590

1. GENERAL INFORMATION

The financial statements of the Company and of the Group for the financial year ended 31 March 2008 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

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

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 17 to the financial statements.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") 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 accounting periods beginning on or after 1 January 2007. 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 and amounts reported for the current year and prior years.

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

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with IFRSs.

These financial statements have been prepared under the historical cost convention as modified by the revaluation of investments 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.

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

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.

Inter-company transactions, balances and unrealised profits on transactions between Group entities 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.

In the Company's balance sheet 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) **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 subsidiaries of the Group.

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

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the rates ruling on the balance sheet date. Profits and losses resulting from this translation policy are included in the income statement.

Translation differences on non-monetary items, such as equity instruments classified as financial assets at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equity instruments classified as available-for-sale financial assets, are included in the investment revaluation reserve in equity.

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

(b) **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 balance sheet presented are translated at the closing rate at the date of that balance sheet;

- 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 the consolidated income statement as part of the profit or loss on disposal.

(c) **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 expensed in the income statement during the year 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 5 years
Computers	2 years
Furniture and fittings	5 years
Office equipment	5 years
Motor vehicles	3 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each balance sheet date.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, plant and equipment (continued)

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 the income statement.

(d) Operating leases and land use rights

Leases and land use rights in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the lease term.

(e) Research and development expenditure

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

(f) 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.

(g) 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.

(h) Recognition and derecognition of financial instruments

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

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

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 the income statement.

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

(i) **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 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 the income statement.

(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 directly in equity, until the investments are disposed of or are determined to be impaired, at which time the cumulative gains or losses previously recognised in equity are recognised in the income statement.

Impairment losses recognised in the income statement for equity investments classified as available-for-sale financial assets are not subsequently reversed through the income statement. Impairment losses recognised in the income statement for debt instruments classified as available-for-sale financial assets are subsequently reversed and recognised in the income statement 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.

(j) **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 the income statement.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Cash and cash equivalents

For the purpose of the cash flow statement, 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.

(l) 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 balance sheet date.

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.

(m) 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 goods is 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) 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 balance sheet date.

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 the income statement represents contributions payable by the Group to the schemes.

(o) 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.

(p) Borrowing costs

Borrowing costs are recognised in the income statement in the period in which they are incurred.

(q) 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 as reported in the income statement 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 balance sheet date.

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, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Taxation (continued)

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 each balance sheet date 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 balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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.

(r) 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.

(s) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products and services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

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

(s) **Segment reporting** (continued)

Segment revenue, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to the segment. Unallocated costs mainly represent corporate expenses. Segment assets consist primarily of property, plant and equipment, inventories and trade receivables. Segment liabilities comprise operating liabilities and exclude items such as tax liabilities and corporate borrowings.

Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between Group entities within a single segment.

Segment capital expenditure is the total costs incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

(t) **Impairment of assets**

At each balance sheet date, 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 the income statement, 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 the income statement, 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 balance sheet date

Events after the balance sheet date that provide additional information about the Group's position at the balance sheet date or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the balance sheet date 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 balance sheet date, 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.

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

Key sources of estimation uncertainty (continued)

Property, plant and equipment and depreciation

The Group determines the estimated useful lives 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 of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives 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.

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.

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 carrying value of the trade and other receivables and allowance for doubtful debts in the year in which such estimate has been changed.

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.

(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 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 2008, 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$212,200 (2007 : HK$82,400) higher, arising mainly as a result of the foreign exchange gain on bank balances, trade receivables and trade payables denominated in US$. 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$212,200 (2007 : HK$82,400) lower, arising mainly as a result of the foreign exchange loss on bank balances and trade receivables denominated in US$.

5. **FINANCIAL RISK MANAGEMENT** (continued)

(b) Price risk

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

(c) Credit risk

The carrying amounts of the cash and bank balances and trade and other receivables included in the balance sheet represent the Group's maximum exposure to credit risk in relation to the Group's financial assets. It has policies in place to ensure that sales are made to customers with an appropriate credit history. As at 31 March 2008, the five largest trade receivables represent approximately 63.2% (2007: 68.4%) 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 cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(d) Liquidity risk

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

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

	Less than 1 year HK$'000	**Between 1 and 2 years** HK$'000	**Between 2 and 5 years** HK$'000	**Over 5 years** HK$'000
At 31 March 2008				
Trade payables	120,565	-	-	-
Accruals and other payables	85,928	-	-	-
At 31 March 2007				
Trade payables	120,555	-	-	-
Accruals and other payables	72,724	-	-	-

5. FINANCIAL RISK MANAGEMENT (continued)

(e) Interest rate risk

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

The Group's exposure to interest rate risk relates principally to its bank balances. The bank balances bears floating interest rates and thus exposing the Group to cash flow interest rate risk. The bank balances bear interest ranging from approximately 2.38% to 2.95% (2007: 4.79% to 4.81%) per annum as at 31 March 2008.

At 31 March 2008, 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$181,000 (2007: HK$189,000) 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$181,000 (2007: HK$189,000) higher, arising mainly as a result of higher interest income on bank balances.

(f) Fair values

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

6. REVENUE

	The Group	
	2008	2007
	HK$'000	HK$'000
Sales of goods	**884,190**	723,867

7. OTHER INCOME

	The Group	
	2008	2007
	HK$'000	HK$'000
Gain on disposals of property, plant and equipment	**436**	174
Net exchange gain	**1,447**	822
Interest income	**6,633**	3,116
Tooling and rework income	**1,066**	3,723
Sundry income	**1,306**	1,642
	10,888	9,477

8. NET OTHER OPERATING GAIN

	The Group	
	2008	2007
	HK$'000	HK$'000
Reversal of inventories obsolescence (note 12 (a))	**-**	9,438
Reversal of/(allowance for) doubtful debts	**192**	(342)
	192	9,096

9. FINANCE COSTS

	The Group	
	2008	2007
	HK$'000	HK$'000
Interest on bank overdrafts	**1**	1
Interest on bank loans	**-**	3
Bank charges	**342**	324
	343	328

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 amount of tax represents:

	The Group	
	2008	2007
	HK$'000	HK$'000
Current Tax - Hong Kong Profits Tax		
Provision for the year	**10,196**	8,095
(Over)/under-provision in previous years	**(1,699)**	1,145
Current tax - the PRC		
Provision for the year	**1,924**	800
Deferred tax (note 30)	**(687)**	1,151
	9,734	11,191

Hong Kong Profits Tax has been provided at a rate of 17.5% (2007: 17.5%) on the estimated assessable profit for the year ended 31 March 2008.

Pursuant to relevant laws and regulations in the PRC, subsidiaries in the PRC are required to pay PRC enterprise income tax at a rate of 24% of their taxable income plus a local income tax of 3% of their taxable income. The tax rate applicable to Honor Tone Electronics (Hui Yang) Enterprises Limited ("HTE") is 27% since 1 January 2007 and decreased to 25% since 1 January 2008.

Huizhou Daya Bay Honor Tone Industrial Ltd. has not generated any assessable profits since the date of its establishment and, accordingly, no provision for PRC enterprise income tax has been made.

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	
	2008	2007
	HK$'000	HK$'000
Profit before tax	**100,273**	85,406
Tax at the domestic income tax rate at 17.5% (2007: 17.5%)	**17,548**	14,946
Tax effect of expenses that are not deductible	**3,265**	2,433
Tax effect of income that are not taxable	**(1,328)**	(529)
Tax effect of temporary differences not recognised	**(189)**	1,110
Tax effect of tax concession	**(9,442)**	(8,533)
Effect of different tax rate of a subsidiary operating in other jurisdiction	**966**	689
Over/(under)-provision in current year	**613**	(70)
(Over)/under-provision in prior years	**(1,699)**	1,145
Income tax expense	**9,734**	11,191

The new PRC enterprise income tax law passed by the Tenth National People's Congress on 16 March 2007 introduces various changes which include the unification of the enterprise income tax rate for domestic and foreign enterprises at 25%. The new tax law is effective from 1 January 2008.

12. PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY FOR THE YEAR

Profit attributable to shareholders of the Company for the year is arrived at after charging/(crediting) the following:

	The Group	
	2008	2007
	HK$'000	HK$'000
Depreciation	**12,417**	11,021
Directors' remuneration		
As directors - independent directors	**843**	122
For management - executive directors		
Salaries, wages, bonus and allowance	**15,401**	14,675
Retirement benefit scheme contributions	**36**	36
	16,280	14,833
Key management personnel remuneration (including remuneration of the executive directors)		
Salaries, wages, bonus and allowance	**28,129**	26,442
Retirement benefit scheme contributions	**98**	96
Equity-settled share-based payments	**130**	-
	28,357	26,538
Auditors' remuneration		
Current year	**933**	723
Over-provision in prior years	**-**	(151)
	933	572
Reversal of inventories obsolescence (included in cost of inventories sold)	**(1,510)**	-
Cost of inventories sold	**615,756**	512,539
Reversal of inventories obsolescence (note (a))	**-**	(9,438)
Operating lease charges in respect of leasehold land and buildings (including amortisation of prepaid land lease payments and land use rights)	**4,050**	3,384
(Reversal of)/allowance for doubtful debts	**(192)**	342
Research and development costs (note (b))	**7,674**	6,175
Staff costs excluding directors' remuneration		
Salaries, wages, bonus and allowance	**83,405**	57,376
Retirement benefit scheme contributions	**6,737**	6,662
	90,142	64,038

Notes:

(a) The reversal of inventories obsolescence for the year ended 31 March 2007 was due to written back of allowance for inventories obsolescence as the value of obsolete inventories identified in the latest regular review is less than the allowance brought forward.

(b) Research and development costs include approximately HK$7,674,000 (2007:HK$6,175,000) relating to staff costs, which are included in the amount of staff costs disclosed separately above for the year.

13. DIVIDENDS

	The Group	
	2008	2007
	HK$'000	HK$'000
Declared and paid during the year:		
Interim dividend declared and paid by Value Creation to its then shareholders	**-**	20,000

	The Group and the Company	
	2008	2007
	HK$'000	HK$'000
Proposed but not recognised as a liability as at 31 March	**27,690**	22,365

On 23 May 2008, a final dividend of HK$0.078 (2007: HK$0.063) was proposed by the Company to its shareholders in respect of the financial year ended 31 March 2008 (note 36). The proposed dividend is not recognised as a liability at 31 March 2008 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 shareholders of the Company is based on the profit for the year attributable to shareholders of the Company of HK$90,539,000 (2007: HK$74,215,000) and the weighted average number of ordinary shares of 355,000,000 (2007: 271,164,384) in issue during the year.

No diluted earnings per share are presented as the Company did not have any dilutive ordinary shares during the two years ended 31 March 2008.

15. PREPAID LAND LEASE PAYMENTS AND LAND USE RIGHTS

	The Group HK$'000
Cost	
Additions and at 31 March 2007 and 1 April 2007	**18,686**
Transfer from deposits paid (note 18)	**4,258**
Exchange differences	**2,388**
At 31 March 2008	**25,332**
Amortisation	
Provided for the year and at 31 March 2007 and 1 April 2007	**50**
Provided for the year	**678**
At 31 March 2008	**728**
Carrying amount	
At 31 March 2008	**24,604**
At 31 March 2007	**18,636**

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

	The Group	
	2008 HK$'000	2007 HK$'000
Hong Kong	**3,562**	3,655
The PRC	**21,042**	14,981
Carrying amount	**24,604**	18,636

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

	The Group	
	2008 HK$'000	2007 HK$'000
Carrying amount	**24,604**	18,636
Less: Amount to be amortised within one year (shown under current assets)	**(525)**	(392)
Amount to be amortised after one year	**24,079**	18,244

16. PROPERTY, PLANT AND EQUIPMENT

The Group	Buildings	Plant and machinery	Computers	Furniture and fittings	Office equipment	Motor vehicles	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost								
At 1 April 2006	-	75,407	4,541	8,140	5,977	1,038	-	95,103
Additions	1,605	10,823	1,472	1,683	35	237	9,145	25,000
Disposals	-	(666)	(275)	(286)	(21)	-	-	(1,248)
At 31 March 2007 and 1 April 2007	1,605	85,564	5,738	9,537	5,991	1,275	9,145	118,855
Additions	388	7,277	453	401	3,375	325	53,292	65,511
Disposals	-	(3,537)	(359)	-	(10)	(143)	-	(4,049)
Transfer from deposits paid (note 18)	1,886	-	-	-	-	-	-	1,886
Transfer	-	3,460	-	-	-	-	(3,460)	-
Exchange differences	238	-	10	-	-	25	3,279	3,552
At 31 March 2008	4,117	92,764	5,842	9,938	9,356	1,482	62,256	185,755
Accumulated depreciation								
At 1 April 2006	-	55,770	4,199	7,388	1,971	858	-	70,186
Charge for the year	34	8,485	724	417	1,111	250	-	11,021
Written back on disposals	-	(664)	(272)	(221)	(18)	-	-	(1,175)
At 31 March 2007 and 1 April 2007	34	63,591	4,651	7,584	3,064	1,108	-	80,032
Charge for the year	116	9,326	927	530	1,356	162	-	12,417
Written back on disposals	-	(3,400)	(359)	-	(8)	(143)	-	(3,910)
At 31 March 2008	150	69,517	5,219	8,114	4,412	1,127	-	88,539
Carrying amount								
At 31 March 2008	3,967	23,247	623	1,824	4,944	355	62,256	97,216
At 31 March 2007	1,571	21,973	1,087	1,953	2,927	167	9,145	38,823

17. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2008	2007
	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. The balance mainly represented the dividend receivable from a subsidiary and temporary cash advance to another subsidiary.

Particulars of the subsidiaries as at 31 March 2008 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 *	12 April 2001 British Virgin Islands	100%	US$16,667	Investment holding
Indirectly held:				
Maxhall Ltd. *	12 July 2000 British Virgin Islands	100%	US$1	Investment holding
Mighty Resources Inc. *	27 October 2003 British Virgin Islands	100%	US$1	Investment holding
Honor Tone Limited **	19 March 1992 Hong Kong	100%	HK$5,487,804	Electronics manufacturing
HT Plastics Limited **	15 November 1999 Hong Kong	100%	HK$3,000,000	Plastic injection moulding
HTE (Note (a)) ***	15 September 2000 PRC	100%	HK$5,500,000	Electronics manufacturing
Huizhou Daya Bay Honor Tone Industrial Ltd. (Note (b)) ***	21 April 2006 PRC	100%	US$6,000,000 (2007: US$2,381,315)	Not yet commence business

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) Huizhou Daya Bay Honor Tone Industrial Ltd. 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 HT Plastics Limited for the year ended 31 March 2008 were audited by RSM Nelson Wheeler.

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

18. DEPOSITS PAID FOR ACQUISITION OF PROPERTIES AND LAND USE RIGHTS

	The Group	
	2008	2007
	HK$'000	HK$'000
Buildings	**-**	1,886
Prepaid land lease payments and land use rights	**-**	4,258
	-	6,144

In 2007, the Group entered into sale and purchase agreements to acquire properties which include the land use rights of approximately HK$4,258,000 and buildings of approximately HK$1,886,000. During the year, the acquisition of the properties was completed and the deposits were transferred to prepaid land lease payments and land use rights (note 15) and property, plant and equipment (note 16), respectively.

19. LONG TERM RECEIVABLES

During the year, the Group paid HK$424,000 (RMB400,000) to a vocational training school managed by Bureau of Labour and Social Security of Taihu Xian, Anhui Province, the PRC. In 2007, the Group paid HK$2,000,000 (RMB2,000,000) to another vocational training school managed by Bureau of Education of Taihu Xian, Anhui Province, the PRC. The purpose of the receivables placed with these vocational training schools 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	
	2008	2007
	HK$'000	HK$'000
Within one year	**550**	-
In the second to fifth years, inclusive	**2,090**	2,000
	2,640	2,000

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group	
	2008	2007
	HK$'000	HK$'000
Quoted debt instruments, at fair value	**3,850**	3,850
Structured term deposit, at fair value	**-**	7,760
	3,850	11,610

The quoted debt instruments and structured term deposit are denominated in HK$ and US$ respectively. The fair values are based on quoted market prices.

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

At 31 March 2007 the structured term deposit represented a structured principal protected currency deposit of approximately HK$7,760,000 (equivalent to US$1,000,000) (the "Principal Amount") placed by the Group with a bank on which interest return is dependent on foreign exchange movements with a yield rate ranging from a minimum of nil% to a maximum of 7.25% per annum and has a maturity date on 28 December 2007. On the maturity date, the Principal Amount was repaid together with the interest return of approximately HK$535,000.

21. INVENTORIES

	The Group	
	2008	2007
	HK$'000	HK$'000
Raw materials	**42,507**	26,032
Work in progress	**31,281**	14,729
Finished goods	**36,590**	28,436
	110,378	69,197

22. TRADE RECEIVABLES

	The Group	
	2008	2007
	HK$'000	HK$'000
Trade receivables	**139,817**	136,056
Less: Allowance for doubtful debts	**(4,240)**	(4,432)
	135,577	131,624

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	
	2008	2007
	HK$'000	HK$'000
US$	**124,589**	125,290
RMB	**8,973**	5,619
	133,562	130,909

22. TRADE RECEIVABLES (continued)

As of 31 March 2008, trade receivables of approximately HK$20,330,000 (2007: HK$34,734,000) 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	
	2008	2007
	HK$'000	HK$'000
Up to 3 months	**20,159**	32,230
3 to 6 months	**113**	2,053
Over 6 months	**58**	451
	20,330	34,734

The movement of allowance for doubtful debts is as follows:

	The Group	
	2008	2007
	HK$'000	HK$'000
At 1 April	**4,432**	4,090
(Reversal)/charge for the year	**(192)**	342
At 31 March	**4,240**	4,432

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	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
US$	**165,419**	46,258	**23,070**	-
S$	**895**	100,274	**867**	99,858
RMB	**14,228**	21,236	**-**	-
JPY	**7**	3,595	**-**	-
	180,549	171,363	**23,937**	99,858

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. BANKING FACILITIES

At 31 March 2008, the banking facilities of the Group were secured by corporate guarantee executed by the Company and certain subsidiaries of the Group.

25. SHARE CAPITAL

	Note	The Company Number	The Company HK$'000
Authorised share capital			
At the date of incorporation, 18 August 2006, ordinary shares of HK$0.38 each		**280,000**	**106**
Consolidation of shares	(a)(i)	**(252,000)**	**-**
Subdivision of shares	(a)(ii)	**1,036,000**	**-**
Increase in authorised share capital	(b)(i)	**1,898,936,000**	**189,894**
At 31 March 2007, 1 April 2007 and 31 March 2008, ordinary shares of HK$0.10 each		**1,900,000,000**	**190,000**
Issued and fully paid share capital			
At the date of incorporation, 18 August 2006, issue of nil-paid ordinary shares of HK$0.38 each		**280,000**	**-**
Consolidation of shares	(a)(i)	**(252,000)**	**-**
Subdivision of shares	(a)(ii)	**1,036,000**	**-**
Credited as fully paid ordinary shares of HK$0.10 each pursuant to the Restructuring Exercise	(b)(ii)	**1,064,000**	**106**
Issue of ordinary shares of HK$0.10 each pursuant to the Restructuring Exercise	(b)(ii)	**268,936,000**	**26,894**
Issue of ordinary shares of HK$0.10 each pursuant to public offer and placement	(c)	**85,000,000**	**8,500**
At 31 March 2007, 1 April 2007 and 31 March 2008, ordinary shares of HK$0.10 each		**355,000,000**	**35,500**

25. SHARE CAPITAL (continued)

Notes:

(a) Pursuant to written resolutions dated 24 January 2007, the sole shareholder of the Company approved, inter alia, the following:

(i) the consolidation of 280,000 nil-paid ordinary shares of HK$0.38 each in the authorised and issued share capital of the Company into 28,000 nil-paid ordinary shares of HK$3.80 each; and

(ii) the subdivision of the aforesaid 28,000 nil-paid ordinary shares of HK$3.80 each in the authorised and issued share capital of the Company into 1,064,000 nil-paid ordinary shares of HK$0.10 each.

(b) Pursuant to written resolutions dated 6 February 2007, the sole shareholder of the Company approved, inter alia, the following:

(i) the increase of the authorised share capital of the Company from HK$106,400 divided into 1,064,000 ordinary shares of HK$0.10 each to HK$190,000,000 divided into 1,900,000,000 ordinary shares of HK$0.10 each; and

(ii) the allotment and issue of 268,936,000 ordinary shares of HK$0.10 each credited as fully paid and the crediting as fully paid of the 1,064,000 nil-paid ordinary shares of HK$0.10 each, pursuant to the Restructuring Exercise.

(c) Pursuant to written resolutions dated 27 March 2007, the shareholders of the Company approved the allotment and issue of 85,000,000 new ordinary shares of the Company (the "New Shares"), which are the subject of the invitation to the public for the subscription of the New Shares, at S$0.23 each for a total cash consideration, before expenses, of S$19,550,000. The New Shares, issued on 27 March 2007, and fully paid-up, rank pari passu in all respects with the existing issued and fully paid-up shares of the Company.

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 balance sheet date, the Group has no debt outstanding (2007: HK$Nil) and the debt-to-adjusted capital ratio has not been disclosed.

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 2008, 36% (2007: 36%) of the shares were in public hands.

26. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company operates an employee share option scheme known as Valuetronics Employee Share Option Scheme (the "ESOS") for the purpose of providing incentives and rewards to eligible participants who contribute significantly to the growth and performance of the Group. Eligible participants include the confirmed employees of the Group ("Group Employees") 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 7 February 2007 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The aggregate nominal amount of the ordinary shares of HK$0.10 each in the capital of the Company ("Shares") over which the Committee may grant the right to subscriber for Shares granted and to be granted to a Group Employee pursuant to the ESOS and for the time being subsisting ("Options") on any date, when added to the nominal amount of Shares issued and issuable in respect of all Options granted under the ESOS shall not exceed fifteen (15) per cent of the issued share capital of the Company on the day immediately proceeding the date on which an offer to grant an option is made pursuant to the ESOS.

The aggregate number of Shares issued and issuable in respect of all Options granted under the ESOS available to all Controlling Shareholders (as defined in accordance with 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.

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

An Option 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.

26. **SHARE-BASED PAYMENTS** (continued)

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

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

If the Options remain unexercised after a period of 10 years from the date of grant, the Options expire. Options are forfeited if the Group Employees leave the Group before the Options vest.

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

	2008		2007	
	Number of Options	**Weighted average exercise price S$**	Number of Options	Weighted average exercise price S$
Outstanding at the beginning of the year	**-**	**N/A**	-	N/A
Granted during the year	**1,000,000**	**0.225**	-	N/A
Outstanding at the end of the year	**1,000,000**	**0.225**	-	N/A
Exercisable at the end of the year	**-**	**N/A**	-	N/A

The Options outstanding at the end of the year have a weighted average remaining contractual life of 9.4 years and the exercise price is S$0.225. During the financial year ended 31 March 2008, Options were granted on 8 August 2007. The estimated fair values of the Options on this date are S$44,000 and S$43,000 respectively. There was no Options granted during the financial year ended 31 March 2007.

These fair values were calculated using the Binomial Model. The inputs into the model were as follows:

	2008
Weighted average share price	S$0.270
Weighted average exercise price	S$0.225
Expected volatility	33.58%
Expected life	10 years
Risk free rate	2.585%
Expected dividend yield	4.6136%

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.

27. RESERVES

(a) The Group

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

(b) The Company

	Note	Share premium HK$'000 (note 27(c)(i))	Contributed surplus HK$'000 (note 27(c)(iii))	Share-based payment reserve HK$'000 (note 27(c)(iv))	Accumulated (losses) / profits HK$'000	Total HK$'000
At the date of incorporation, 18 August 2006		-	-	-	-	-
Share issue expenses	25(c)	(5,614)	-	-	-	(5,614)
Loss for the year		-	-		(5,663)	(5,663)
Arising from Restructuring Exercise	25(b)(ii)	-	89,664	-	-	89,664
Issuance of new shares pursuant to public offer and placement	25(c)	91,205	-	-	-	91,205
Transfer to accumulated losses		-	(22,365)	-	22,365	-
At 31 March 2007		85,591	67,299	-	16,702	169,592
Representing:						
At 31 March 2007 after proposed final dividend					(5,663)	
Proposed final dividend	13				22,365	
Equity attributable to equity holders of the Company					16,702	
At 1 April 2007		85,591	67,299	-	16,702	169,592
Profit for the year		-	-	-	33,300	33,300
Dividend paid		-	-	-	(22,365)	(22,365)
Share-based payments		-	-	130	-	130
Transfer to accumulated losses		-	(60)	-	60	-
At 31 March 2008		85,591	67,239	130	27,697	180,657
Representing:						
At 31 March 2008 after proposed final dividend					7	
Proposed final dividend	13				27,690	
Equity attributable to equity holders of the Company					27,697	

27. **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 during the financial year ended 31 March 2007, net of the share issue expenses which 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) Merger reserve

The merger reserve arose as a result of the Restructuring Exercise and represented the difference between the nominal value of the share capital issued by the Company in exchange for the nominal value of the share capital and share premium of Value Creation.

(iii) Contributed surplus

Contributed surplus of the Company arose as a result of the Restructuring Exercise 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 therefore.

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.

(iv) Share-based payment reserve

The share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to Group Employees recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 3(o) to the financial statements.

(v) Translation reserve

The foreign currency 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(b) to the financial statements.

(vi) 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.

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	
	2008	2007
	HK$'000	HK$'000
US$	**52,351**	77,294
RMB	**6,691**	2,587
JPY	**9,109**	1,215
Others	**1,421**	593
	69,572	81,689

29. ACCRUALS, OTHER PAYABLES AND DEPOSITS RECEIVED

	The Group		The Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Accruals and other payables	**62,603**	44,305	**1,635**	6,111
Deposits received	**23,480**	13,614	**-**	-
Due to directors	**10,058**	15,427	**-**	-
Staff bonus payable	**13,267**	12,992	**-**	-
Provision for sales warranties	**16,365**	10,346	**-**	-
Provision for legal and professional fee	**4,263**	4,000	**-**	-
Provision for claims from customers	**6,269**	9,708	**-**	-
	136,305	110,392	**1,635**	6,111

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 HK$'000	Provision for legal and professional fee HK$'000	Provision for claims from customers HK$'000
At 1 April 2006	9,875	3,054	8,420
Charge for the year	788	2,000	1,288
Reversal for the year	-	(600)	-
Realised during the year	(317)	(454)	-
At 31 March 2007 and 1 April 2007	10,346	4,000	9,708
Charge for the year	13,339	263	1,658
Reversal for the year	(5,918)	-	(5,097)
Realised during the year	(1,402)	-	-
At 31 March 2008	16,365	4,263	6,269

Provision for legal and professional fee of HK$4,263,000 (2007: HK$4,000,000) mainly represented the provision of the legal and professional fee under indemnity clauses set out in purchase orders issued by a customer for attorney's fees and costs that might be incurred.

30. DEFERRED TAX LIABILITIES

The following are the major deferred tax assets and liabilities recognised by the Group:

The Group	Accelerated tax depreciation HK$'000	Provision for retirement benefit obligations and individual income tax HK$'000	Total HK$'000
At 1 April 2006	1,962	(1,055)	907
Charge to income statement for the year	96	1,055	1,151
At 31 March 2007 and 1 April 2007	2,058	-	2,058
Credit to income statement for the year	(687)	-	(687)
At 31 March 2008	1,371	-	1,371

31. CAPITAL COMMITMENTS

At 31 March 2008, the Group had the following capital commitments:

	The Group	
	2008	2007
	HK$'000	HK$'000
Contracted but not provided for:		
Acquisition of property, plant and machinery	**8,296**	863
Construction of factory premises	**13,364**	2,117
	21,660	2,980

32. LEASE COMMITMENTS

At 31 March 2008, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2008	2007
	HK$'000	HK$'000
Within one year	**2,291**	2,215
In the second to fifth years inclusive	**36**	162
	2,327	2,377

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

33. RELATED PARTY TRANSACTIONS

Transactions within the Group have been eliminated and are not disclosed in this note. 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, and are disclosed as follows:

	The Group	
	2008	2007
	HK$'000	HK$'000
Purchases of goods from:		
Nicecon Limited	**2,897**	2,093
KyoEyi Denso Limited	**346**	430
Management fee received from:		
KyoEyi Denso Limited	**180**	170
Project management fee paid to:		
Concord Building Company Limited	**800**	621

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

	The Group	
	2008	2007
	HK$'000	HK$'000
Trade payables to:		
Nicecon Limited	**680**	199

During the financial year ended 31 March 2008, the Group has made certain advances to KyoEyi Denso Limited totalled approximately HK$1,065,000 (2007: HK$2,067,000) which are unsecured, interest-free and of which approximately HK$632,000 (2007: HK$ 2,016,000) are repayable at the same date and the rest are repayable within one to two days. The Group also made certain payments totalled approximately HK$910,000 (2007: HK$624,000) on behalf of KyoEyi Denso Limited of which approximately HK$657,000 (2007: HK$438,000) are paid out of deposits received before payment and the rest are repayable on monthly basis. At 31 March 2008, there was no outstanding balance due from KyoEyi Denso Limited.

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 2007 and 2008 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.

34. CONTINGENT LIABILITIES

At 31 March 2008, the Group and the Company did not have any significant contingent liabilities.

35. STATEMENT OF OPERATIONS BY SEGMENTS

The Group's primary format for reporting segment information is business segments with each segment representing a strategic business segment that offers different products. The two business segments are original equipment manufacturer ("OEM") products and original design manufacturer ("ODM") products.

There are no inter-segment sales between the respective segments.

(a) Business segments

Year ended 31 March 2008	OEM products HK$'000	ODM products HK$'000	Consolidated HK$'000
REVENUE			
External sales	680,454	203,736	884,190
RESULTS			
Segment results	137,128	37,808	174,936
Interest income			6,633
Finance costs			(343)
Unallocated corporate expenses			(80,953)
Income tax expense			(9,734)
Profit attributable to shareholders of the Company for the year			90,539
ASSETS			
Segment assets	95,636	39,941	135,577
Unallocated corporate assets			426,883
Total assets			562,460
LIABILITIES			
Segment liabilities	29,438	24,652	54,090
Unallocated corporate liabilities			210,787
Total liabilities			264,877
OTHER INFORMATION			
Unallocated capital expenditure			65,511
Unallocated depreciation			12,417
Unallocated amortisation			678
(Reversal of)/allowance for doubtful debts	(681)	489	(192)

35. STATEMENT OF OPERATIONS BY SEGMENTS (continued)

(a) Business segments (continued)

Year ended 31 March 2007	OEM products HK$'000	ODM products HK$'000	Consolidated HK$'000
REVENUE			
External sales	523,524	200,343	723,867
RESULTS			
Segment results	102,378	39,209	141,587
Interest income			3,116
Finance costs			(328)
Unallocated corporate expenses			(58,969)
Income tax expense			(11,191)
Profit attributable to shareholders of the Company for the year			74,215
ASSETS			
Segment assets	81,565	50,059	131,624
Unallocated corporate assets			328,721
Total assets			460,345
LIABILITIES			
Segment liabilities	29,175	10,231	39,406
Unallocated corporate liabilities			197,816
Total liabilities			237,222
OTHER INFORMATION			
Unallocated capital expenditure			26,886
Unallocated depreciation			11,021
Unallocated amortisation			50
Unallocated reversal of inventories obsolescence			(9,438)
Allowance for doubtful debts	196	146	342

35. STATEMENT OF OPERATIONS BY SEGMENTS (continued)

(b) Geographical segments

The Group's customers are located in North and Central America, Greater China (including the PRC, Taiwan and Hong Kong), Asia Pacific and Europe.

The following table provides an analysis of the Group's sales by geographical market, based on the location of customers.

	2008 HK$'000	2007 HK$'000
North and Central America	**462,207**	303,066
Greater China	**309,107**	338,666
Asia Pacific	**12,349**	9,320
Europe	**100,527**	72,815
	884,190	723,867

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located.

Carrying amount of segment assets

	2008 HK$'000	2007 HK$'000
Greater China	**561,593**	360,487
Asia Pacific	**867**	99,858
	562,460	460,345

Capital expenditure

	2008 HK$'000	2007 HK$'000
Greater China	**65,511**	26,886

36. EVENTS AFTER THE BALANCE SHEET DATE

On 23 May 2008, a final dividend of HK$0.078 was proposed by the Company to its shareholders in respect of the financial year ended 31 March 2008 (note 13).

SHAREHOLDERS' INFORMATION

AS AT 9 JUNE 2008

Authorised share capital	:	HK$190,000,000
Issued and fully paid-up capital	:	HK$35,500,000
Number of shares issued	:	355,000,000 shares
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	0.41	3,278	0.00
1,000 - 10,000	584	39.65	3,833,867	1.08
10,001 - 1,000,000	865	58.72	51,674,995	14.56
1,000,001 and above	18	1.22	299,487,860	84.36
	1,473	100.00	355,000,000	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	TSE CHONG HING	77,920,442	21.95
2.	CHOW KOK KIT	73,076,738	20.59
3.	HUNG KAI WING	36,150,237	10.18
4.	WONG HING KWAI	36,050,237	10.15
5.	DBS VICKERS SECURITIES (S) PTE LTD	28,907,676	8.14
6.	CIMB-GK SECURITIES PTE. LTD.	9,925,000	2.80
7.	HSBC (SINGAPORE) NOMINEES PTE LTD	6,914,000	1.95
8.	CITIBANK NOMINEES SINGAPORE PTE LTD	6,326,000	1.78
9.	HONG LEONG FINANCE NOMINEES PTE LTD	4,805,000	1.36
10.	CHAN WAI TIEN	3,400,000	0.96
11.	HO YAM HIN	3,239,935	0.91
12.	CHENG SIU YAM	2,909,822	0.82
13.	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,233,000	0.63
14.	TSUI SUNG LAM	1,996,000	0.56
15.	PHILLIP SECURITIES PTE LTD	1,926,000	0.55
16.	UOB KAY HIAN PTE LTD	1,391,000	0.39
17.	YUEN WAI KHEONG	1,314,773	0.37
18.	KIM ENG SECURITIES PTE. LTD.	1,002,000	0.28
19.	TAN KAH KIAN	1,000,000	0.28
20.	W. GAN SDN. BHD.	1,000,000	0.28
		301,487,860	84.93

SHAREHOLDERS' INFORMATION

AS AT 9 JUNE 2008

TREASURY SHARES - RULE 1207(9)(F)

The Company does not hold any Treasury Shares.

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name	Direct Interest	%	Deemed Interest	%
Tse Chong Hing	77,920,442	21.95	-	-
Chow Kok Kit	73,076,738	20.59	-	-
Hung Kai Wing	36,150,237	10.18	-	-
Wong Hing Kwai	36,050,237	10.15	-	-

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Approximately 36.17% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

Notice of AGM is enclosed on page 7 of the Circular dated 4 July 2008 to shareholders in relation to the proposed change in auditors accompanying this Annual Report.

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