VALUETRONICS HOLDINGS LIMITED
Annual Report 2009

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design & development

We provide mechanical design and co-design for a wide range of customers across many industries.

Our comprehensive manufacturing capabilities enable us to accommodate customers' need for volume, mix, complexity, efficiency and quality.

deliver

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

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 and headquartered in Hong Kong, 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. We continue to develop long term relationships with global consumer and commercial enterprises, as well as companies in the industrial, telecom and medical market segment by constantly focusing on our clients' objectives, priorities and delivery needs.

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

Chairman's Statement

"a message that **converges all**"

Dear Shareholders,

While the financial year ended 31 March 2009 ("FY2009") was a tough year, we expect the next year to be even tougher. The anticipated slowdown I reported last year has become a global economic meltdown. We worked hard in FY2009 to strive for profitability, despite the tough times.

Valuetronics (or the "Group") has built upon a strong foundation that has enabled us to ride out challenges in the history of the Group such as the Asian Financial Crisis in 1997 and the outbreak of Severe Acute Respiratory Syndrome in 2003. But we never anticipated a global financial failure of such and its continuing fallout which impacted most of our customers negatively. The macro-economic environment had impeded our ability to aggressively grow our top line, especially in the latter half of the fiscal year, where some of our major customers began to revise their orders downwards amidst the slowing growth momentum.

Year in Review for FY2009

It is fair to say that FY2009 was a challenging year for Valuetronics. Our revenue for the full year grew marginally to HK$ 960.1 million when compared to FY2008, with a moderate growth from the OEM segment offset by the decline in the ODM segment which saw declining orders from a major customer. Despite the rise in our revenue, the Group's gross margins grew at a slower pace to 17.4%, in line with the change in sales mix, increasing commodity prices in early 2008, and depreciation charges from the new Daya Bay facility ("Daya Bay")

We closed the financial year with a net profit after tax of HK$53.1 million, after taking in other operating expenses of HK$22.7 million. This comprises a one-off charge of HK$10 million assets impairment loss, higher provision for doubtful debts HK$8.7 million, and a full provision for goodwill impairment from our recent acquisition of a medical equipment business. Let me share more about the flash flood incident and the recent acquisition.

In June 2008, Southern China had experienced one of its worst torrential rain in 150 years. Our Danshui plant being located in the Guangdong province was not spared from this extreme weather phenomenon. An unexpected flash flood occurred at the Danshui plant, causing operational inconveniences when production schedule was disrupted and equipment damaged. Quick recovery actions were taken and key production operations resumed seven days after the flood had occurred. We recorded a HK$10 million one-off charge for the estimated loss of asset in the second quarter of FY2009 due to this incident.

To avoid the reoccurrence of future floods, systematic project transfers to Daya Bay commenced upon the completion of the construction of our Daya Bay facilities in July 2008. The transition to Daya Bay was smooth and was duly completed in the fourth quarter of FY2009 with the relocation of back office function including general management, computer and engineering centres, in addition to the transfers of projects.

In March 2009, we acquired an In Vitro Diagnostic ("IVD") medical equipment manufacturer for HK$4 million, marking our first foray into the medical equipment sector. Pilot shipment of IVD medical equipment had been completed in April 2009 and the Group looks forward to further orders in FY2010.

In the face of the challenges we encountered during the year in review, we continued to return cash to shareholders in FY2009, proposing our annual cash dividend of HK$0.045 per ordinary share.

Preparing for Tough Times

The most critical and immediate priority facing Valuetronics is to be prepared for a difficult economy in FY2010 and to endeavour to stay profitable.

We have always practiced prudent cash management since the establishment of Valuetronics, and we remain free from bank borrowings even in lean times like these. We will reinforce our focus on financial and business fundamentals - productivity and operation efficiency, design and development capabilities, excellence in customer service and vigilant working capital management. In this respect, I would like to accord my appreciation to the management and staff for their support and contribution. Our people continue to bring on the differentiated capabilities that set us apart in the marketplace.

Capitalising on Valuetronics' Strength

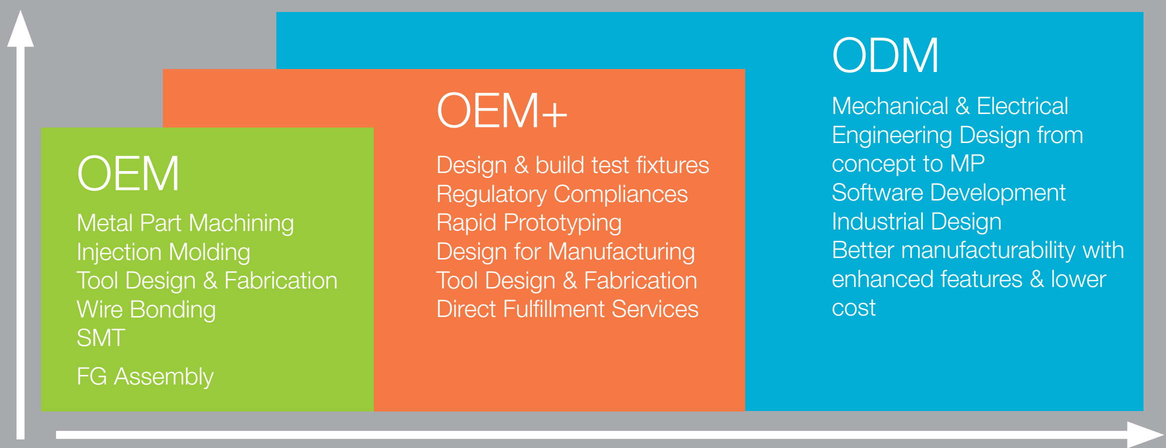
Our strategy is to build our business through organic growth, operational excellence, and strong committed leadership at various levels of management. All these must be preserved in the face of an uncertain economic situation. Challenges we have to contend with in the coming year include high uncertainties in demand patterns, price pressures from customers, deteriorating credit conditions and significant fluctuations in exchange rates of major currencies.

Nonetheless, I believe the strengths we have accumulated and the strategies we have adopted over the years had prepared us to take on these challenges in due course. As an integrated electronic manufacturing service provider, we focus on providing total solution from design and development to manufacturing. This enables our customers to concentrate their resources on sales and marketing efforts. This focused and strategic approach, coupled with commitment from all level of management, will help us emerge stronger from this current economic doldrum.

Chairman's Statement

A premier design and manufacturing partner for some of the world's leading consumer and industrial brands.

Moving up the value chain



Proactive deployment of D&D capabilities

Building Strong Businesses

We have built a diverse, durable and differentiated customer and product profile which can take advantage of growth opportunities in an environment of economic uncertainty. While sales order momentum from certain customers began to decelerate in the second half of FY2009, we are happy to note that other major customers are speeding up production migrations to the PRC, in order to maintain cost competitiveness in their respective markets. We should benefit from this continued wave of production outsourcing and migration.

Fostering long-term partnership with our customers remains the key to generate business momentum. Given our track record of over 90% repeated customers' orders, we have the confidence about the long term prospects of our business. Furthermore, in April 2009, we have signed up two additional sales representatives, to further capture business opportunities in the U.S. and Europe.

Over time, we have been able to leverage on Valuetronics' strengths and capabilities meeting new opportunities. That remains true today. The value of our recent acquisition of the IVD medical equipment manufacturer in March 2009 is in the access to a track record of manufacturing medical equipment and a reference to approaching potential customers in this field. This gradual step-up approach to growth reflects our philosophy in seeking growth while building strong business pipelines.

Leading Today and Tomorrow

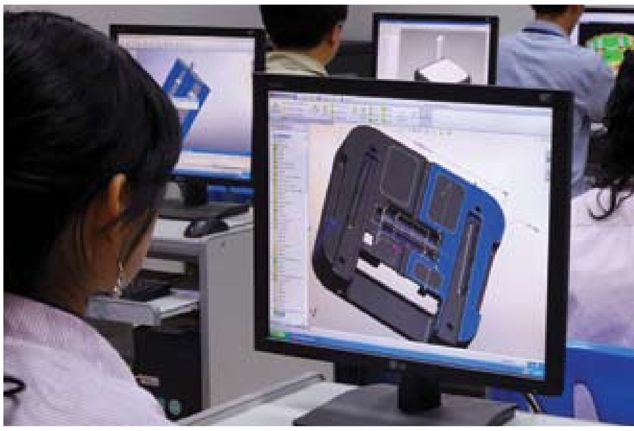
Achieving high performance is an ongoing journey for every organisation, including Valuetronics. We have to take on new strategic initiatives and investments in support of our long-term growth while we deliver on our short-term commitments today. We continue to enhance operational excellence and engineering capabilities, gain the commitment of our staff and protect the company's resources as we seek prudent and pragmatic expansion.

I believe that times of change and challenge bring opportunity for Valuetronics, an opportunity to break away from our competitors and propel our business to the next level of market leadership. We will continue to provide services that meet our clients' evolving needs and drive our business towards continued growth and profitability. Through careful planning and superior execution, we will continue our pursuit of high performance for our clients and for our shareholders in FY2010. Finally, on behalf of the Board, I would like to reiterate my gratitude to our shareholders, staff, customers, partners and all business associates who continue to support us.

Yours Sincerely,

TSE CHONG HING
Chairman and Managing Director

design.



Our engineering design centre and manufacturing facilities are located in China, specifically near Hong Kong and Shenzhen. The new Valuetronics Daya Bay facility features more than 1 million square feet of production floor area along with state-of-the-art design and manufacturing equipment. By integrating engineering design and manufacturing, we are able to add value to the entire product life cycle of electronics and electro-mechanical products for different volumes and complexities.

Financial Highlights

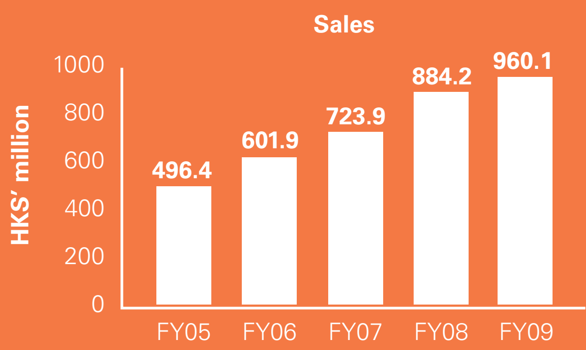
Item	Desc	FY 2009 HK$ Million	FY2008 HK$ Million	FY2007 HK$ Million
Revenue	ODM	165.7	203.7	200.4
	OEM	794.4	680.5	523.5
	Total	960.1	884.2	723.9
Profit Before Tax	Total	59.6	100.3	85.4
	Margin (%)	6.2%	11.3%	11.8%
Profit After Tax	Total	53.1	90.5	74.2
	Margin (%)	5.5%	10.2%	10.3%
Earnings Per Share - Basic	HK Cents	15.0	25.5	27.4 *
Net Asset Value Per Share	HK Cents	92.0	83.8	62.9 #

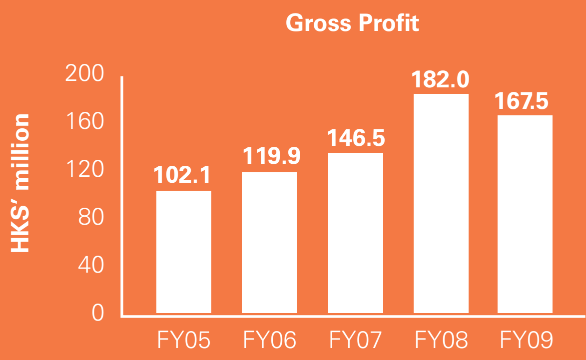
* Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company of approximately HK$74,215,000 by the weighted average number of ordinary shares in issue of 271,164,384 during the financial year ended 31 March 2007.

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

develop.

As a trusted partner in Asia since 1992, Valuetronics has been instrumental in helping our customers to transit smoothly to a low-cost, high quality electronics manufacturing and consistently reliable production. We have and will continue to develop long-term relationships with our customers by constantly focusing on their strategic objectives, priorities and delivery needs.





Financial Review

Revenue

Despite the challenging year ended 31 March 2009 ("FY2009"), the Group's revenue increased by 8.6% from HK$884.2 million for the year ended 31 March 2008 ("FY2008") to HK$960.1 million in FY2009. The growth in revenue was primarily due to the increase in sales for the OEM segment.

Revenue from the OEM segment rose 16.7% to HK$794.4 million from HK$680.5 million last year. Nonetheless, revenue from the ODM segment decreased by 18.7% to HK$165.7 million from HK$203.7 million in FY2008.

Gross Profit

Gross profit decreased by 8% to HK$167.5 million from HK$182.0 million in FY2008 and gross profit margin decreased by 3.2% to 17.4% from 20.6% in FY2008. The decrease in gross profit margin was mainly due to a change in sales mix, and an increase in commodity price during FY2009 and depreciation charge of our new Daya Bay facilities and PRC labour cost.

Other Income

Other income slid 63.2% to HK$4.0 million in FY2009 from HK$10.9 million in FY2008. The drop was mainly due to lower interest income earned during the year coupled with an exchange loss of HK$3.7 million arising mainly from the settlement of Japanese Yen trade payables, partially offset by tooling income earned during the year.

Operating Expenses

Selling and distribution costs rose by 8.8% to HK$22.1 million in FY2009 from HK$20.3 million in FY2008. This was mainly due to an increase in staff costs and sales commissions paid to our sales representatives in line with revenue growth of the Group. Administrative expenses decreased by 7.7% to HK$66.7 million in FY2009 from HK$72.2 million in FY2008. This was in line with the Group's continuous effort to tighten expenses and a decrease in performance based bonus provision.

Net other operating loss for the year stood at HK$22.7 million. This included mainly a one-off charge of an estimated loss of HK$10 million of assets impairments due to the flash floods

Key Financial Ratios

	FY2009	FY2008
Turnover Ratios (Days)		
Inventory Turnover	31	57
Receivables' Turnover	39	56
Payables' Turnover	36	63
Liquidity Ratios		
Current Ratio (x)	1.7	1.7
Returns (%)		
ROE (before minority interests)	16.4	30.4
ROA	9.9	16.1
ROCE	17.5	31.3

Cash Flow Statement

HK'000	FY2009	FY2008
Operating Cash Flows	94,860	81,249
Investing Cash Flow	(93,148)	(50,543)
Financing Cash Flows	(29,866)	(25,605)
+/- in Cash & Cash Equivalents	(28,208)	5,101
Cash & Cash Equivalents at Beginning of the FY	181,691	176,590
Effect of Exchange Rate Changes	-	-
Cash & Cash Equivalents at End of the FY	153,483	181,691

that occurred at the Danshui plant on 13 June 2008. This loss had already been included in the estimated recoverable amount from our insurer.

An additional HK$8.7 million loss was attributable to higher allowance for doubtful debts mainly from a major customer. Arising from the economic turmoil which started in 2008, this customer has experienced working capital stresses. The Group had adopted a conservative and prudent stance to make provisions for overdue debts.

The Group has made a full provision of approximately HK$4 million for goodwill impairment in respect of the recent acquisition of the Medical Equipment Business as announced by the Company on 30 March 2009. The Board considered that such provision is prudent and appropriate, and the daily business operation and working capital of the Group are not materially adversely affected by such provision.

Profit After Tax

On a year-on-year basis, profit before tax (excluding the one-off loss incurred from the flash floods on 13 June 2008 at the Danshui plant and the impairment of goodwill) decreased by 26.6% to HK$73.6 million (HK$100.3 million in FY2008). Taking into account the said one-off loss incurred from the flash floods and the goodwill impairment provision, profit before tax decreased by 40.6% to HK$59.6 million from HK$100.3 million in FY2008. Consequently, profit after tax came in at HK$53.1 million in FY2009, a decrease of 41.4% compared to HK$90.5 million in FY2008.

Financial Position

The Group continued to maintain a healthy balance sheet, strong cash and bank balances with zero bank borrowing as well as a solid asset base.

The Group's prepaid land lease payments and land use rights (including current portion) amounted to HK$25.1 million as at 31 March 2009. This is represented by HK$3.5 million of prepaid land lease payments of warehouse and ancillary office in Hong Kong and HK$21.6 million for land use rights of a piece of land in Daya Bay Economy and Technology Development District, Huizhou

Financial Review

City, Guangdong Province, PRC ("the Daya Bay site") and staff quarters in Huizhou City, Guangdong Province, PRC. The increase of HK$62.9 million in property, plant and equipment was mainly due to purchases of plant, and equipment and machinery and construction-in-progress of new factory premises at the Daya Bay site.

The Group's long term receivables amounted to HK$2.8 million as at 31 March 2009. These receivables are repayable deposits placed with vocational training schools in PRC for the provision of on-the-job training to selected students. They are interest-free and guaranteed by the legal representatives of the vocational schools. These long term receivables are repayable starting March 2009, and RMB0.5 million had been received from one of vocational schools in March 2009 in accordance with the repayment schedule.

Available-for-sale financial assets held by the Group increased by HK$9.7 million from HK$3.9 million as at 31 March 2008 to HK$13.5 million as at 31 March 2009, due to investment in principal protected Senior Notes of Citigroup. All interest receivables are current.

The Group's inventory balance decreased by HK$43.3 million from HK$110.4 million as at 31 March 2008 to HK$67.1 million as at 31 March 2009. The decrease was in line with our sales order status. Inventory turnover days decreased to 30.9 days as at 31 March 2009 compared to 57.4 days at 31 March 2008.

The Group's trade receivables decreased by HK$33.2 million from HK$135.6 million to HK$102.4 million. The trade receivable turnover days as of 31 March 2009 stood at 38.9 days as compared to 56.0 days at 31 March 2008.

Cash Flow

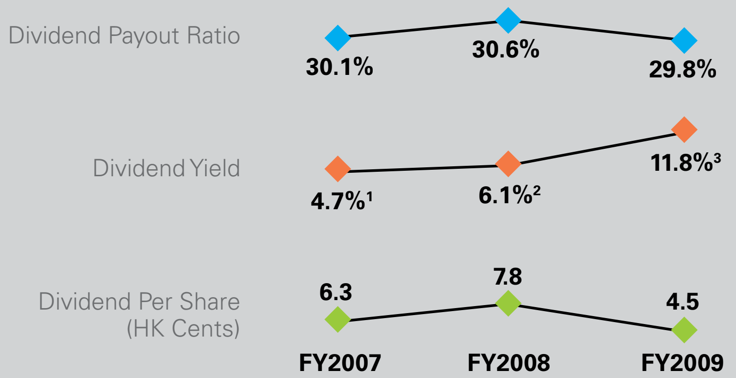
Overall, due to our stringent working capital control, our cash position has remained strong. The Group generated higher net cash flow from operating activities HK$94.8 million in FY2009 from HK$81.2 million in FY2008 despite the difficult operating environment. Cash and cash equivalents held by the Group stood at HK$153.5 million as at 31 March 2009 from HK$181.7 million as at 31 March 2008. The net inflow from operating activities was offset by the outflow for higher investing activities such as the construction of a new plant and purchase of equipment and machinery, investment in principal protected Senior Notes of Citigroup, as well as dividend payments in respect of FY2008.

The Group currently has not invested in any financial derivatives. The Group places most of its bank deposits with authorised institutions in Hong Kong. On 14 October 2008, the Hong Kong government announced that it will use the Exchange Fund to guarantee the repayment of customer deposits held with all authorised institutions in Hong Kong until the end of 2010.

Dividend

In spite of the challenging year in review, the Group maintained its commitment to reward shareholders with a proposed final dividend of HK 4.5 cents per share for FY2009.

Dividend Trend



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

deliver.

Each customer is assigned a Program Manager who is responsible to the customer for all aspects of a job from design to manufacturing to shipment. The Program Manager is the first point of contact with the customer, and co-ordinates with a team of engineers, procurement and production, quality control and customer support personnel. We therefore deliver a comprehensive suite of solutions from design to manufacturing to fulfilment.

Operations Review

Capabilities Development

In FY2009, the Group continued to grow and enhance its design and development capabilities through close collaboration with key customers.

Firstly, via collaboration with one of its major customer, 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, surface mounting, wire-bonding, precision plastic moulding, mould making and plastic injection have been fully integrated in-house at the Group's new Daya Bay Facilities allowing better control of production lead time, quality and costs. The Daya Bay Facilities which have been ISO9001 and 14001 certified also serve as a showcase of the Group's commitment to enhancing the working conditions and welfare of its staff. International visitors including existing and potential customers have complimented the Group for both the state-of-the-art manufacturing facilities and the working conditions for staff, notably the high standards of safety, hygiene comfort and welfare.

Thirdly, through its successful collaboration with various divisions of Philips, Valuetronics has begun to produce and ship a range of energy-saving lighting devices in FY2009.

Finally, the Group has announced a strategic acquisition of an In Vitro Diagnostic (IVD) medical equipment manufacturer on 30 March 2009,. The pilot shipment of IVD medical equipment had been completed in April 2009 and the Group looks forward to further orders in FY2010. The experience and track record gained from this foray will enable the Group to open new avenues in the medical equipment sector.

Human Resource Development

In the area of human resource development, Valuetronics undertook 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 talents from universities in the PRC.

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

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

Looking Ahead

While the results in FY2009 demonstrated Valuetronics' ability in fulfilling market demand and tackling competition, a number of external factors continue to weigh in on the outlook for the coming year.

FY2010 is expected to remain challenging and the sentiment among the Group's customers remains cautious. Challenging issues which the Group faces include high uncertainty in demand patterns and sales orders, price pressures from customers, deteriorating credit conditions and significant fluctuations in exchange rates of major currencies.

On a positive note, amidst the present gloom in the marketplace, the Group's healthy balance sheet will ensure it is well positioned to take on business opportunities when they arise. While keeping a close watch on productivity and imposing strict cost control measures, the Group intends to strengthen its working capital management efforts. Additionally, the Group will also invigorate its existing business development efforts throughout the key markets. In fact, in April 2009 the Group has signed up two new sales representatives, one each for the US market and one for European market respectively.

Overall, the Group will continue to work through these cautionary conditions with the objective to maintain profitability through effective cost and cash management and proactive management of sales opportunities.

Board of Directors

from left to right

back row
Mr Hung Kai Wing
Mr Siu Ping Kwong
Mr Chow Kok Kit

front row
Mr Lim Chin Tong
Mr Tse Chong Hing
Mr Chow Kok Kee

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 17 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 22 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 37 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. Mr Lim spent 20 years in government with the Economic Development Board before moving to the private sector in 2000. Since then, he has been serving on the boards of publicly-listed and private companies in Singapore and Australia. 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 21 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, Plastics Division

Wong Hing Kwai is Director of our Plastics Division. Mr Wong is responsible for the overall management of Plastics Division. He has over 32 years of experience in plastic injection moulding and 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. Mr Lam joined our Group in July 2007. He is responsible for all financial functions of the Group, and ensuring compliance with statutory and listing requirements with regards to financial reporting. Mr Lam is a Fellow of both CPA Australia and the Hong Kong Institute of Certified Public Accountants. 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 15 years of auditing, accounting and financial management experience in multi-national and Hong Kong listed companies.

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 18 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 15 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

Operations Manager

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

Mr. Huang has more than 17 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, Plastics Division

Ho Yam Hin is General Manager of our Plastics Division and assists Mr Wong Hing Kwai in the overall management of the Plastics Division. He joined our Group in March 2000 and has over 23 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 major corporate actions.

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

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

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

Meeting of	Board	Audit Committee	Nominating Committee	Remuneration Committee
Total held in FY2009	**4**	**5**	**1**	**1**
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	3	N/A	N/A	N/A
Independent Non-Executive Director				
Chow Kok Kee	4	5	1	1
Lim Chin Tong	4	5	1	1
Siu Ping Kwong	3	4	1	1

Directors, when appointed, will receive an orientation that includes briefing by Management on the Group's structure, businesses, operations and policies. The Directors visited the Group's new facilities at Daya Bay, Guangdong Province in China in May 2009 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.

Corporate Governance Report

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

Principle 2: Board Composition and Balance

The Board comprises of three executive directors and three independent non-executive directors: -

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

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

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

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

Principle 3: Chairman and Chief Executive Officer

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

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

Principle 4: Board Membership
Principle 5: Board Performance

The Nominating Committee ('NC'), is regulated by a set of written terms of reference and comprises three independent non-executive directors:

Siu Ping Kwong, Chairman
Chow Kok Kee
Lim Chin Tong

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

Corporate Governance Report

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

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

The Company's Process for Selection and Appointment of new Directors provides the procedure for identification of potential candidates' skills, 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 Kee and Mr Lim Chin Tong, 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 FY2009 was conducted. The objective of the evaluation process is to assess and identify areas for continuous improvement to the Board's overall effectiveness. Each director completes a qualitative questionnaire in which, his assessment of the Board as a whole is ranked for several parameters namely, board composition, maintenance of independence, board information, board process, board accountability, communication with top management and standard of conduct. The consolidated findings are reported and recommendations 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.

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

Corporate Governance Report

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, the economic and business climate 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 ending 31 March 2010 to be paid quarterly in arrears. This recommendation will be tabled for shareholders' approval at the forthcoming AGM.

Principle 9: Disclosure of Remuneration

A summary remuneration table of the Directors and key executives for the year ended 31 March 2009 is shown below. For competitive reasons, the Company is not disclosing the identity of the Directors and the percentage breakdown of their remuneration.

Director

Remuneration bands	Number of Directors
S$750,000 - S$999,999	1
S$500,000 - S$749,999	2
Less than S$250,000	3

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

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

The Company has in place two non-cash benefit schemes in the form of a share option scheme ('ESOS') and a performance share plan ('PSP') for eligible employees, including Directors of the Company and the Group. Details of ESOS grants and PSP awards are disclosed in the Report of the Directors (pages 24 to 27 of the Annual Report).

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

In presenting the quarterly and annual financial results to shareholders, the Board seeks to provide shareholders with a detailed assessment of the Group's financial position and prospects. 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'), is regulated by a set of written terms of reference and 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 AC also reviews the financial statements of the Company and the consolidated financial statements of the Group together with the external auditors' report thereon before their submission to the Board of Directors of the Company and shareholders. The AC evaluates the Group's system of internal controls and assesses the effectiveness and adequacy of internal accounting and financial control procedures.

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

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

The AC met with external auditors and internal auditors without the presence of Management in respect of the Group's FY2009 audit.

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

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

The external auditors, RSM Nelson Wheeler had not provided any non-audit service for the year ended 31 March 2009.

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

Principle 12: Internal Controls
Principle 13: Internal Audit

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

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

Corporate Governance Report

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

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;
- Quarterly financial statements containing a summary of the financial information and affairs of the Group via SGXNET; 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 policy governing dealings in securities of the Company Directors and key officers and other employees of the Group, who have access to price-sensitive and confidential informations are not permitted to deal in securities of the Company during the periods commencing at least 2 weeks before the announcement of the Group's quarterly results and one month before the announcement of the Group's full-year results and, ending on the date of the announcement of such results, or when they are in possession of unpublished price-sensitive information on the Group.

INTERESTED PERSON TRANSACTIONS ("IPTs")

The Company has adopted an internal policy governing procedures for identification approval and monitoring of interested person transactions. All interested person transactions are subjected to AC review.

Transactions with Interested Persons for the financial year ended 31 March 2009 amounted to HK$3,278,000 (1.01% of the Group's NTA)

MATERIAL CONTRACTS

Other than as disclosed above, 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).

Corporate Governance Report

RISK MANAGEMENT POLICIES AND PROCESSES

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

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

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

Report of the Directors

The Directors of the Company are pleased to present their report together with the audited financial statements of the Company and of the Group for the financial year ended 31 March 2009.

1. DIRECTORS AT DATE OF REPORT

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

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

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

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

3. DIRECTORS ' INTERESTS IN SHARES 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 described at paragraph 7 hereinafter and as follows:

	In the Name of Directors		Deemed Interest	
	At beginning of the financial year At 1.4.2008 Ordinary Share of HK$0.1 each	At end of the financial year At 31.3.2009 Ordinary Share of HK$0.1 each	At beginning of the financial year At 1.4.2008 Ordinary Share of HK$0.1 each	At end of the financial year At 31.3.2009 Ordinary Share of HK$0.1 each
The Company				
Tse Chong Hing	77,920,442	77,920,442	–	–
Chow Kok Kit	73,076,738	73,076,738	–	–
Hung Kai Wing	36,150,237	36,150,237	–	–
Chow Kok Kee	50,000	50,000	–	–
Lim Chin Tong	50,000	50,000	–	–
Siu Ping Kwong	50,000	50,000	–	–

There was no change in Directors' interest between the end of the financial year and 21 April 2009.

4. CONTRACTUAL BENEFITS OF DIRECTORS

Since the beginning of the financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except that certain directors have received remuneration from the Company in the capacity as Directors, the details of which are disclosed in the financial statements.

Report of the Directors

5. OPTIONS EXERCISED

During the financial year, 4,300,000 options to take up unissued shares of the Company or any corporation in the Group were granted to the Company's Executive Directors and executives under the Valuetronics ESOS.

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 SHARES UNDER OPTIONS

(i) The Valuetronics ESOS

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

Under the Valuetronics ESOS, all options to be issued will have a term no longer than 10 years from the date of grant. Options with the exercise price being the Market Price (i.e. the average of the closing prices of the Company's ordinary shares on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the five market days immediately preceding the date of grant) may be exercised one year after the date of grant of that option, and in accordance with the terms and conditions of the Valuetronics ESOS. Options with the exercise price which represent a discount (of up to 20%) to the Market Price may be exercised two years after the date of grant of that option, and in accordance with the terms and conditions of the Valuetronics ESOS.

At the date of this report, the committee which administers the Valuetronics ESOS comprises Messrs Chow Kok Kee, Lim Chin Tong and Siu Ping Kwong.

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

During the financial year ended 31 March 2009, 4,300,000 options to take up unissued shares of the Company or any corporation in the Group were granted to the Company's Executive Directors and executives under the Valuetronics ESOS. None of the options were exercised.

As at 31 March 2009, the Company has the following outstanding options:

Date of grant	Exercise Price	Balance as at 31.3.2008	Granted during the year	Exercised during the year	Options cancelled (Note)	Balance as at 31.3.2009	Discount granted
8 August 2007	S$0.225	1,000,000	–	–	200,000	800,000	19.9%
8 July 2008	S$0.175	–	900,000	–	–	900,000	18.6%
8 July 2008	S$0.215	–	1,000,000	–	–	1,000,000	Nil
27 August 2008	S$0.144	–	2,400,000	–	–	2,400,000	19.6%
Total		1,000,000	4,300,000	–	200,000	5,100,000	

Note: These options were cancelled after the grantee ceased to be in the employment of the Group.

Report of the Directors

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

Name of participant	Options granted during the financial year under review	Exercise price for options granted during the financial year under review	Aggregate options granted since commencement of ESOS to end of the financial year in review	Aggregate options exercised since commencement of ESOS to end of the financial year in review	Aggregate options outstanding at end of financial year under review
Tse Chong Hing	1,000,000	$0.144	1,000,000	–	1,000,000
Chow Kok Kit	700,000	$0.144	700,000	–	700,000
Hung Kai Wing	700,000	$0.144	700,000	–	700,000
Chow Kok Kee	100,000	$0.215	100,000	–	100,000
Lim Chin Tong	100,000	$0.215	100,000	–	100,000
Siu Ping Kwong	100,000	$0.215	100,000	–	100,000

(ii) The Valuetronics PSP

The Valuetronics PSP was approved by shareholders of the Company on 28 July 2008, in addition and complementary to the Valuetronics ESOS.

At the date of this report, the committee which administers the Valuetronics PSP comprises Messrs Chow Kok Kee, Lim Chin Tong and Siu Ping Kwong.

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

As at 31 March 2009, the Company has the following outstanding awards:

Date of grant	Number of Performance Shares/ Awards	Market Price	Vesting Period
27 August 2008	2,400,000	S$0.18	1 year

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

Name of participant	Awards granted during financial year under review	Aggregate awards granted since commencement of PSP to end of financial year under review
Tse Chong Hing	1,000,000	1,000,000
Chow Kok Kit	700,000	700,000
Hung Kai Wing	700,000	700,000

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

Report of the Directors

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

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

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

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

9. AUDITORS

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

10. DEVELOPMENTS SUBSEQUENT TO ANNOUNCEMENT OF RESULTS

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 25 May 2009, 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 2009

Statement by Directors

For the financial year ended 31 March 2009

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 2009 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 2009

Independent Auditor's 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 64, which comprise the consolidated and Company balance sheets as at 31 March 2009, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2009, and of the Group's results and cash flows for the year then ended in accordance with International Financial Reporting Standards.

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

11 June 2009

Consolidated Income Statement

For the financial year ended 31 March 2009

	Note	2009 HK$'000	2008 HK$'000
Revenue	6	**960,059**	884,190
Cost of sales		**(792,578)**	(702,153)
Gross profit		**167,481**	182,037
Other income	7	**4,012**	10,888
Selling and distribution costs		**(22,070)**	(20,284)
Administrative expenses		**(66,652)**	(72,217)
Net other operating (loss)/gain	8	**(22,723)**	192
Profit from operations		**60,048**	100,616
Finance costs	9	**(491)**	(343)
Profit before tax		**59,557**	100,273
Income tax expense	11	**(6,493)**	(9,734)
Profit for the year	12	**53,064**	90,539
Attributable to:			
Shareholders of the Company		**53,064**	90,539
Minority interests		**–**	–
		53,064	90,539
Dividend	13	**15,828**	27,690
Earnings per share (Hong Kong cents)	14		
- Basic		**15.0**	25.5

Balance Sheets

As at 31 March 2009

	Note	The Group 2009 HK$'000	The Group 2008 HK$'000	The Company 2009 HK$'000	The Company 2008 HK$'000
ASSETS					
Non-current assets					
Prepaid land lease payments and land use rights	15	**24,565**	24,079	**–**	–
Property, plant and equipment	16	**160,068**	97,216	**–**	–
Investments in subsidiaries	18	**–**	–	**83,330**	83,330
Club membership, at cost		**200**	200	**–**	–
Long term receivables	19	**1,610**	2,090	**–**	–
		186,443	123,585	**83,330**	83,330
Current assets					
Available-for-sale financial assets	20	**13,539**	3,850	**–**	–
Inventories	21	**67,074**	110,378	**–**	–
Trade receivables	22	**102,419**	135,577	**–**	–
Prepaid land lease payments and land use rights	15	**545**	525	**–**	–
Prepayments, deposits and other receivables		**10,200**	6,304	**–**	217
Long term receivables - current portion	19	**1,150**	550	**–**	–
Due from subsidiaries	18	**–**	–	**132,941**	110,300
Current tax assets		**3,209**	–	**–**	–
Bank and cash balances	23	**153,483**	181,691	**258**	23,945
		351,619	438,875	**133,199**	134,462
Total assets		**538,062**	562,460	**216,529**	217,792
EQUITY					
Share capital	25	**35,500**	35,500	**35,500**	35,500
Treasury shares	25	**(2,176)**	–	**(2,176)**	–
Reserves	27	**290,180**	262,083	**182,632**	180,657
Equity attributable to shareholders of the Company		**323,504**	297,583	**215,956**	216,157
Minority interests		**(13)**	–	**–**	–
Total equity		**323,491**	297,583	**215,956**	216,157
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	28	**3,126**	1,371	**–**	–
Current liabilities					
Trade payables	29	**77,221**	120,565	**–**	–
Accruals, other payables and deposits received	30	**129,746**	136,305	**573**	1,635
Current tax liabilities		**4,478**	6,636	**–**	–
		211,445	263,506	**573**	1,635
Total liabilities		**214,571**	264,877	**573**	1,635
Total equity and liabilities		**538,062**	562,460	**216,529**	217,792
Net current assets		**140,174**	175,369	**132,626**	132,827
Total assets less current liabilities		**326,617**	298,954	**215,956**	216,157

Consolidated Statement of Changes in Equity

For the financial year ended 31 March 2009

		Attributable to the shareholders of the Company											
				Reserves									
	Note	Share capital HK$'000	Treasury shares HK$'000	Share premium (note 27 (c)(i)) HK$'000	Share-based payment reserve (note 27 (c)(iii)) HK$'000	Translation reserve (note 27 (c)(iv)) HK$'000	Statutory reserve (note 27 (c)(v)) HK$'000	Investment revaluation reserve (note 27 (c)(vi)) HK$'000	Retained earnings HK$'000	Total reserves HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 April 2007		35,500	–	85,591	–	(15)	–	–	102,047	187,623	223,123	–	223,123
Translation difference		–	–	–	–	6,156	–	–	–	6,156	6,156	–	6,156
Net income recognised directly in equity		–	–	–	–	6,156	–	–	–	6,156	6,156	–	6,156
Profit for the year		–	–	–	–	–	–	–	90,539	90,539	90,539	–	90,539
Total recognised income and expense for the year		–	–	–	–	6,156	–	–	90,539	96,695	96,695	–	96,695
Dividend paid		–	–	–	–	–	–	–	(22,365)	(22,365)	(22,365)	–	(22,365)
Share-based payments		–	–	–	130	–	–	–	–	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	–	297,583
Representing:													
At 31 March 2008 after proposed final dividend									142,437				
Proposed final dividend	13								27,690				
Equity attributable to shareholders of the Company									170,127				
At 1 April 2008		35,500	–	85,591	130	6,141	94	–	170,127	262,083	297,583	–	297,583
Changes in fair value of available-for-sale financial assets		–	–	–	–	–	–	(2,061)	–	(2,061)	(2,061)	–	(2,061)
Translation difference		–	–	–	–	4,343	–	–	–	4,343	4,343	–	4,343
Net income recognised directly in equity		–	–	–	–	4,343	–	(2,061)	–	2,282	2,282	–	2,282
Profit for the year		–	–	–	–	–	–	–	53,064	53,064	53,064	–	53,064
Total recognised income and expense for the year		–	–	–	–	4,343	–	(2,061)	53,064	55,346	55,346	–	55,346
Acquisition of a subsidiary	31	–	–	–	–	–	–	–	–	–	–	(13)	(13)
Dividend paid		–	–	–	–	–	–	–	(27,690)	(27,690)	(27,690)	–	(27,690)
Share-based payments		–	–	–	441	–	–	–	–	441	441	–	441
Transfer to statutory reserve		–	–	–	–	–	148	–	(148)	–	–	–	–
Purchase of treasury shares		–	(2,176)	–	–	–	–	–	–	–	(2,176)	–	(2,176)
At 31 March 2009		35,500	(2,176)	85,591	571	10,484	242	(2,061)	195,353	290,180	323,504	(13)	323,491
Representing:													
At 31 March 2009 after proposed final dividend									179,525				
Proposed final dividend	13								15,828				
Equity attributable to shareholders of the Company									195,353				

Consolidated Cash Flow Statement

For the financial year ended 31 March 2009

	Note	2009 HK$'000	2008 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**59,557**	100,273
Adjustments for:			
Amortisation of prepaid land lease payments and land use rights		**476**	678
Depreciation		**20,460**	12,417
Equity-settled share-based payments		**441**	130
Gain on disposals of property, plant and equipment		**(70)**	(436)
Interest expenses		**8**	1
Interest income		**(2,548)**	(6,633)
Impairment of goodwill		**4,020**	–
Operating profit before working capital changes		**82,344**	106,430
Increase in long term receivables		**(55)**	(424)
Decrease/(increase) in inventories		**43,304**	(41,181)
Decrease/(increase) in trade receivables		**33,158**	(3,953)
Increase in prepayments, deposits and other receivables		**(3,896)**	(783)
(Decrease)/increase in trade payables		**(43,344)**	10
(Decrease)/increase in accruals, other payables and deposits received		**(6,592)**	29,153
Cash generated from operations		**104,919**	89,252
Income tax paid		**(10,105)**	(8,002)
Interest paid		**(8)**	(1)
Net cash from operating activities		**94,806**	81,249
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposals of available-for-sale financial assets		**27,250**	36,066
Proceeds from disposals of property, plant and equipment		**70**	575
Acquisition of a subsidiary	31	**(4,000)**	–
Purchases of available-for-sale financial assets		**(39,000)**	(28,306)
Purchases of property, plant and equipment		**(80,016)**	(65,511)
Interest received		**2,548**	6,633
Net cash used in investing activities		**(93,148)**	(50,543)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		**(27,690)**	(22,365)
Purchase of treasury shares		**(2,176)**	–
Share issue expenses paid		**–**	(3,240)
Net cash used in financing activities		**(29,866)**	(25,605)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(28,208)**	5,101
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**181,691**	176,590
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		**153,483**	181,691
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		**153,483**	181,691

Notes to the Financial Statements

For the financial year ended 31 March 2009

1. GENERAL INFORMATION

The financial statements of the Group for the financial year ended 31 March 2009 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

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

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

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee of the IASB that are relevant to its operations and effective for its accounting year beginning on 1 April 2008. IFRSs comprise International Financial Reporting Standards; International Accounting Standards; 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 available-for-sale financial assets which are carried at their fair values.

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

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

(a) Consolidation

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

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

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.

Notes to the Financial Statements

For the financial year ended 31 March 2009

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Consolidation (continued)

Minority interests represent the interests of minority shareholders in the operating results and net assets of subsidiaries. Minority interests are presented in the consolidated balance sheet and consolidated statement of changes in equity within equity. Minority interests are presented in the consolidated income statement as an allocation of profit or loss for the year between minority and shareholders of the Company. Losses applicable to the minority in excess of the minority's interests in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the interests of the Group until the minority's share of losses previously absorbed by the Group has been recovered.

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) Business combination and goodwill

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

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

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses of goodwill are recognised in the consolidated income statement and are not subsequently reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

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

(c) Foreign currency translation

(i) Functional and presentation currency

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

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

Transactions in foreign currencies are translated into the functional currency 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.

Notes to the Financial Statements

For the financial year ended 31 March 2009

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Foreign currency translation (continued)

(iii) Translation on consolidation

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

– Assets and liabilities for each 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.

(d) Property, plant and equipment

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

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

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

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

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

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.

Notes to the Financial Statements

For the financial year ended 31 March 2009

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

(e) **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.

(f) **Research and development expenditure**

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

(g) **Club membership**

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

(h) **Inventories**

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

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

Financial assets and financial liabilities are recognised in the 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.

(j) **Investments**

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

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

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

Financial assets at fair value through profit or loss are either investments 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.

Notes to the Financial Statements

For the financial year ended 31 March 2009

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) **Investments (continued)**

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets not classified as trade and other receivables or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised 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.

(k) **Trade and other receivables**

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

(l) **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.

(m) **Financial liabilities and equity instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

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

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

Notes to the Financial Statements

For the financial year ended 31 March 2009

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) **Financial liabilities and equity instruments (continued)**

Trade and other payables

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

Equity instruments

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

(n) **Revenue recognition**

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

Revenue from the sales of 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.

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

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

(o) **Employee benefits**

Employee leave entitlements

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

(p) **Share-based payments**

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

(q) **Borrowing costs**

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

Notes to the Financial Statements

For the financial year ended 31 March 2009

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit 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.

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

(s) Related parties

A 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.

Notes to the Financial Statements

For the financial year ended 31 March 2009

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) **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.

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.

(u) **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.

(v) **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.

Notes to the Financial Statements

For the financial year ended 31 March 2009

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Provisions and contingent liabilities (continued)

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.

(w) 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.

(a) 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.

(b) Impairment of property, plant and equipment

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

(c) Receivables - Allowance for doubtful debts

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

Notes to the Financial Statements

For the financial year ended 31 March 2009

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

Key sources of estimation uncertainty (continued)

(d) *Allowance for slowing-moving inventories*

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

(e) *Share-based payment expenses*

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

5. FINANCIAL RISK MANAGEMENT

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

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

(a) **Foreign currency risk**

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

At 31 March 2009, if the HK$ had weakened 1 per cent against the US$ with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$1,057,000 (2008 : HK$212,200) higher, arising mainly as a result of the foreign exchange gain on bank balances, trade receivables, other receivables, trade payables and other payables denominated in US$. 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$1,057,000 (2008 : HK$212,000) lower, arising mainly as a result of the foreign exchange loss on bank balances, trade receivables, other receivables, trade payables and other payables denominated in US$.

(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 different risk profiles.

At 31 March 2009, if the market price of the available-for-sale financial assets at that date had been increased by 5 per cent with all other variables held constant, the consolidated equity would increase by HK$675,000 (2008: HK$195,000). If the market price of the available-for-sale financial assets at that date had been decreased by 5 per cent with all other variables held constant, the consolidated equity would decrease by HK$675,000 (2008: HK$195,000).

Notes to the Financial Statements

For the financial year ended 31 March 2009

5. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk

The carrying amount of the cash and bank balances, trade and other receivables and available-for-sale financial assets included in the balance sheet represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. As at 31 March 2009, the five largest trade receivables represent approximately 70.0% (2008: 63.2%) 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 and available-for-sale financial assets is limited because the counterparties are banks and financial institution 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 2009				
Trade payables	77,221	–	–	–
Accruals and other payables	81,151	–	–	–
At 31 March 2008				
Trade payables	120,565	–	–	–
Accruals and other payables	85,928	–	–	–

(e) Interest rate risk

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

The Group's exposure to interest rate risk relates principally to its bank balances. Certain of the Group's bank deposits bear interests at fixed interest rates and therefore are subject to fair value interest rate risks. The bank deposits bear interests at fixed interest rates ranging from approximately 0.35% to 1.3% (2008: 2.38% to 2.95%) per annum as at 31 March 2009. Other than these bank deposits, the bank balances bear floating interest rates and thus exposing the Group to cash flow interest rate risk.

At 31 March 2009, 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$141,000 (2008: HK$181,000) 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$141,000 (2008: HK$181,000) 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.

Notes to the Financial Statements

For the financial year ended 31 March 2009

6. REVENUE

	The Group	
	2009	2008
	HK$'000	HK$'000
Sales of goods	**960,059**	884,190

7. OTHER INCOME

	The Group	
	2009	2008
	HK$'000	HK$'000
Gain on disposals of property, plant and equipment	**70**	436
Net exchange (loss)/gain	**(3,722)**	1,447
Interest income	**2,548**	6,633
Tooling and rework income	**3,324**	1,066
Sundry income	**1,792**	1,306
	4,012	10,888

8. NET OTHER OPERATING LOSS/(GAIN)

	The Group	
	2009	2008
	HK$'000	HK$'000
Loss on assets in respect of flash flood	**10,000**	–
Impairment of goodwill (note 17)	**4,020**	–
Allowance/(Reversal of allowance) for doubtful debts	**8,703**	(192)
	22,723	(192)

9. FINANCE COSTS

	The Group	
	2009	2008
	HK$'000	HK$'000
Interest on bills and bank overdrafts	**8**	1
Bank charges	**483**	342
	491	343

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.

Notes to the Financial Statements

For the financial year ended 31 March 2009

11. INCOME TAX EXPENSE

	The Group	
	2009	2008
	HK$'000	HK$'000
Current tax - Hong Kong Profits Tax		
Provision for the year	**3,300**	10,196
Over-provision in prior years	**(803)**	(1,699)
Tax reduction	**(50)**	–
Current tax - the PRC		
Provision for the year	**2,291**	1,924
Deferred tax (note 28)	**1,755**	(687)
	6,493	9,734

Hong Kong Profits Tax has been provided at a rate of 16.5% (2008: 17.5%) on the estimated assessable profit for the year ended 31 March 2009.

Pursuant to relevant laws and regulations in the PRC, the subsidiaries in the PRC are required to pay PRC enterprise income tax at a rate of 25% since 1 January 2008.

For the year ended 31 March 2009, Huizhou Daya Bay Honor Tone Industrial Ltd. ("Daya Bay") incurred tax loss for the year (2008: HK$Nil), and accordingly, no provision for PRC enterprise income tax has been made.

In accordance with the relevant income tax rules and regulations of the PRC, the Group is liable to withholding tax on dividends distributed from the Group's PRC subsidiaries in respect of their profits generated on or after 1 January 2008. As at 31 March 2009, temporary differences relating to the undistributed profits of the Group's PRC subsidiaries amounted to HK$6.9 million (2008: HK$Nil). Deferred tax liabilities of approximately HK$172,500 have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the amount was immaterial.

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	
	2009	2008
	HK$'000	HK$'000
Profit before tax	**59,557**	100,273
Tax at the domestic income tax rate at 16.5% (2008: 17.5%)	**9,827**	17,548
Tax effect of expenses that are not deductible	**1,370**	3,265
Tax effect of income that are not taxable	**(355)**	(1,328)
Tax effect of temporary differences not recognised	**163**	(189)
Tax effect of tax losses not recognised	**124**	–
Tax effect of tax concession	**(4,642)**	(9,442)
Effect of different tax rate of a subsidiary operating in other jurisdiction	**779**	966
Over-provision in current year	**80**	613
Over-provision in prior years	**(803)**	(1,699)
Tax reduction	**(50)**	–
Income tax expense	**6,493**	9,734

Notes to the Financial Statements

For the financial year ended 31 March 2009

12. PROFIT FOR THE YEAR

Profit for the year is arrived at after charging/(crediting) the following:

	The Group	
	2009	2008
	HK$'000	HK$'000
Depreciation	**20,460**	12,417
Directors' remuneration		
As directors - independent directors		
Fee	**900**	843
Equity-settled share-based payment	**44**	–
For management - executive directors		
Salaries, wages, bonus and allowance	**11,385**	15,401
Retirement benefit scheme contributions	**36**	36
Equity-settled share-based payment	**102**	–
	12,467	16,280
Key management personnel remuneration (including remuneration of the executive directors)		
Salaries, wages, bonus and allowance	**22,067**	28,129
Retirement benefit scheme contributions	**72**	98
Equity-settled share-based payments	**345**	130
	22,484	28,357
Auditors' remuneration	**720**	933
Reversal of inventories obsolescence (included in cost of inventories sold)	**–**	(1,510)
Cost of inventories sold	**686,605**	615,756
Operating lease charges in respect of leasehold land and buildings (including amortisation of prepaid land lease payments and land use rights)	**3,746**	4,050
Allowance/(Reversal of allowance) for doubtful debts	**8,703**	(192)
Research and development costs (note)	**9,256**	7,674
Staff costs, excluding directors' remuneration		
Salaries, wages, bonus and allowance	**90,582**	83,405
Retirement benefit scheme contributions	**5,094**	6,737
Equity-settled share-based payment	**96**	–
	95,772	90,142

Note:

Research and development costs include approximately HK$9,256,000 (2008: HK$7,674,000) relating to staff costs, which are included in the amount of staff costs disclosed separately above for the year.

13. DIVIDEND

	The Group and the Company	
	2009	2008
	HK$'000	HK$'000
Proposed but not recognised as a liability as at 31 March	**15,828**	27,690

On 25 May 2009, a final dividend of approximately HK$0.045 (2008: HK$0.078) was proposed by the Company to its shareholders in respect of the financial year ended 31 March 2009 (note 38). The proposed dividend is not recognised as a liability at 31 March 2009 as it is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

Notes to the Financial Statements

For the financial year ended 31 March 2009

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$53,064,000 (2008: HK$90,539,000) and the weighted average number of ordinary shares of 353,456,145 (2008: 355,000,000) in issue during the year.

No diluted earnings per share are presented as the Company did not have any dilutive ordinary shares during the years ended 31 March 2009 and 2008.

15. PREPAID LAND LEASE PAYMENTS AND LAND USE RIGHTS

	The Group HK$'000
Cost	
At 1 April 2007	18,686
Transfer from deposits paid	4,258
Exchange differences	2,388
At 31 March 2008 and 1 April 2008	25,332
Exchange differences	1,083
At 31 March 2009	26,415
Accumulated amortisation	
At 1 April 2007	50
Provided for the year	678
At 31 March 2008 and 1 April 2008	728
Provided for the year	476
Exchange differences	101
At 31 March 2009	1,305
Carrying amount	
At 31 March 2009	25,110
At 31 March 2008	24,604

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

	The Group	
	2009 HK$'000	2008 HK$'000
Hong Kong	**3,470**	3,562
The PRC	**21,640**	21,042
Carrying amount	**25,110**	24,604

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

	The Group	
	2009 HK$'000	2008 HK$'000
Carrying amount	**25,110**	24,604
Less: Amount to be amortised within one year (shown under current assets)	**(545)**	(525)
Amount to be amortised after one year	**24,565**	24,079

Notes to the Financial Statements

For the financial year ended 31 March 2009

16. PROPERTY, PLANT AND EQUIPMENT

The Group	Buildings HK$'000	Plant and machinery HK$'000	Computers HK$'000	Furniture and fittings HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Cost								
At 1 April 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	1,886	–	–	–	–	–	–	1,886
Transfer	–	3,460	–	–	–	–	(3,460)	–
Exchange differences	238	–	10	–	–	25	3,279	3,552
At 31 March 2008 and 1 April 2008	4,117	92,764	5,842	9,938	9,356	1,482	62,256	185,755
Additions	–	37,887	260	17,738	2,064	1,037	21,030	80,016
Disposals	–	(30)	(6)	(6)	–	(479)	–	(521)
Transfer	80,394	1,716	–	–	–	–	(82,110)	–
Exchange differences	137	294	4	–	–	47	2,914	3,396
At 31 March 2009	84,648	132,631	6,100	27,670	11,420	2,087	4,090	268,646
Accumulated depreciation								
At 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 and 1 April 2008	150	69,517	5,219	8,114	4,412	1,127	–	88,539
Charge for the year	2,031	13,891	628	1,639	1,922	349	–	20,460
Written back on disposals	–	(30)	(6)	(6)	–	(479)	–	(521)
Exchange differences	23	51	–	–	–	26	–	100
At 31 March 2009	2,204	83,429	5,841	9,747	6,334	1,023	–	108,578
Carrying amount								
At 31 March 2009	82,444	49,202	259	17,923	5,086	1,064	4,090	160,068
At 31 March 2008	3,967	23,247	623	1,824	4,944	355	62,256	97,216

17. GOODWILL

	The Group HK$'000
Cost	
Arising on acquisition of a subsidiary (note 31) and at 31 March 2009	4,020
Accumulated impairment losses	
Less: Impairment loss recognised in the current year and at 31 March 2009 (note 8)	(4,020)
Carrying amount	
At 31 March 2009	–

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGUs") that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated to medical equipment unit of original equipment manufacturer ("OEM") products segment.

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

Notes to the Financial Statements

For the financial year ended 31 March 2009

17. GOODWILL (continued)

The Group carried out a review of the recoverable amount of goodwill. The review has led to the conclusion that the level of goodwill was unlikely to be adequately supported by discounted future cash flows. In recognition of this it was considered prudent to make a full impairment charge.

18. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2009	2008
	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 two subsidiaries.

Particulars of the subsidiaries as at 31 March 2009 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 Enterprise Limited*	12 April 2001 British Virgin Islands	100%	US$16,667	Investment holding
Indirectly held:				
Maxhall Ltd. *	12 July 2000 British Virgin Islands	100%	US$1	Investment holding
Mighty Resources Inc. *	27 October 2003 British Virgin Islands	100%	US$1	Investment holding
Honor Tone Limited **	19 March 1992 Hong Kong	100%	HK$5,487,804	Electronics manufacturing
Value Chain Limited (formerly known as HT Plastics Limited) **	15 November 1999 Hong Kong	100%	HK$3,000,000	Investment holding
Honor Tone Electronics (Hui Yang) Enterprises Limited ("HTE") (note (a)) ***	15 September 2000 PRC	100%	HK$5,500,000	Electronics manufacturing
Daya Bay (note (b)) ***	21 April 2006 PRC	100%	US$6,600,000 (2008: US$6,000,000)	Property investment
Bonder International Group Limited ("Bonder") *	28 February 2006 British Virgin Islands	60%	US$10	Provision of business and product development services

Notes to the Financial Statements

For the financial year ended 31 March 2009

18. INVESTMENTS IN SUBSIDIARIES

Notes:

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

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

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

** The statutory financial statements of Honor Tone Limited and Value Chain Limited for the year ended 31 March 2009 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 惠州榮德會計師事務所 (Huizhou Rongde Certified Public Accountants) for tax filing and annual registration purposes.

19. LONG TERM RECEIVABLES

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

	The Group	
	2009	2008
	HK$'000	HK$'000
Within one year	**1,150**	550
In the second to fifth years, inclusive	**1,610**	2,090
	2,760	2,640

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group	
	2009	2008
	HK$'000	HK$'000
Quoted debt instruments, at fair value	**–**	3,850
Senior unsubordinated debt instrument (EMTN), at fair value	**13,539**	–
	13,539	3,850

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

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

Notes to the Financial Statements

For the financial year ended 31 March 2009

21. INVENTORIES

	The Group	
	2009	2008
	HK$'000	HK$'000
Raw materials	**22,873**	42,507
Work in progress	**13,692**	31,281
Finished goods	**30,509**	36,590
	67,074	110,378

22. TRADE RECEIVABLES

	The Group	
	2009	2008
	HK$'000	HK$'000
Trade receivables	**115,227**	139,817
Less: Allowance for doubtful debts	**(12,808)**	(4,240)
	102,419	135,577

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	
	2009	2008
	HK$'000	HK$'000
US$	**94,315**	124,589
RMB	**7,227**	8,973
	101,542	133,562

As of 31 March 2009, trade receivables of approximately HK$14,400,000 (2008: HK$20,330,000) 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	
	2009	2008
	HK$'000	HK$'000
Up to 3 months	**13,847**	20,159
3 to 6 months	**306**	113
Over 6 months	**247**	58
	14,400	20,330

The movement of allowance for doubtful debts is as follows:

	The Group	
	2009	2008
	HK$'000	HK$'000
At 1 April	**4,240**	4,432
Charge/(Reversal) for the year	**8,703**	(192)
Realised for the year	**(135)**	–
At 31 March	**12,808**	4,240

Notes to the Financial Statements

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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	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
US$	**118,108**	165,419	**9**	23,070
Singapore dollars ("S$")	**231**	895	**206**	867
RMB	**31,987**	14,228	**–**	–
Japanese Yen ("JPY")	**1,981**	7	**–**	–
	152,307	180,549	**215**	23,937

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

25. SHARE CAPITAL

	2009	2008
	HK$'000	HK$'000
Authorised share capital		
1,900,000,000 ordinary shares of HK$0.1 each	**190,000**	190,000
Issued and fully paid share capital		
355,000,000 ordinary shares of HK$0.1 each	**35,500**	35,500

The Company acquired 3,277,000 (2008: Nil) of its own shares through open-market purchases on the SGX-ST during the year. The total amount paid to acquire the shares was HK$2,176,000 (2008: HK$Nil). This amount is classified as a deduction from equity under "Treasury shares". The Company may utilise Treasury shares for re-issue at a later date. All shares issued by the Company were fully paid.

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 (2008: 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 monthly report from the share registrars 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 2009, 36% (2008: 36%) of the shares were in public hands.

Notes to the Financial Statements

For the financial year ended 31 March 2009

26. SHARE-BASED PAYMENTS

Equity-settled share option scheme and performance share plan

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 all directors and confirmed employees of the Group ("Group Employee") selected by the remuneration committee of the Company or such other committee comprising directors of the Company duly authorised and appointed by the board of directors to administer this ESOS ("Committee"). The ESOS became effective on 6 February 2007 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

On 28 July 2008, the Company adopted a performance-based share plan known as Valuetronics Performance Share Plan (the "PSP") targeting at recognising executives in key positions who are able to drive the growth of the Group through innovation, creativity and superior performance. Eligible participants include the employees of the Group (excluding independent directors of the Company and those who are Associates of Controlling Shareholders (as defined in accordance with the Listing Manual of the SGX-ST)) ("PSP Participant") selected by the committee comprising directors of the Company duly authorised and appointed by the board of directors of the Company to administer the PSP ("PSP Committee"). The PSP became effective on 28 July 2008 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. Under the PSP, the PSP Committee may grant a contingent award of ordinary shares of the Company ("Award") to the PSP Participant. Awards represent the right of a PSP Participant to receive fully paid ordinary shares of the Company, their equivalent cash value or combinations thereof, free of charge, upon the PSP Participant achieving prescribed performance targets and/or service conditions or otherwise having performed well and/or made a significant contribution to the Group. PSP Participants are not required to pay for the grant of the Awards. The Award may be satisfied by the re-issue of Treasury shares.

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

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

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

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

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.

Notes to the Financial Statements

For the financial year ended 31 March 2009

26. SHARE-BASED PAYMENTS (continued)

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

Details of the specific categories of options are as follows:

	Date of grant	Vesting date	Exercise period	Exercise price	Number of share options
2008A	8 August 2007	9 August 2009	9 August 2009 to 8 August 2017	S$0.225	500,000
2008B	8 August 2007	9 August 2009	9 August 2010 to 8 August 2017	S$0.225	500,000
2009A	8 July 2008	9 July 2009	9 July 2009 to 8 July 2018	S$0.215	1,000,000
2009B	8 July 2008	9 July 2010	9 July 2010 to 8 July 2018	S$0.175	700,000
2009C	8 July 2008	9 July 2010	9 July 2011 to 8 July 2018	S$0.175	200,000
2009D	27 August 2008	28 August 2010	28 August 2010 to 27 August 2018	S$0.144	1,200,000
2009E	27 August 2008	28 August 2010	28 August 2011 to 27 August 2018	S$0.144	1,200,000

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 Employee leaves the Group before the Options vest.

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

	2009		2008	
	Number of Options	**Weighted average exercise price S$**	Number of Options	Weighted average exercise price S$
Outstanding at the beginning of the year	**1,000,000**	**0.225**	–	N/A
Granted during the year	**4,300,000**	**0.167**	1,000,000	0.225
Forfeited during the year	**(200,000)**	**0.225**	–	N/A
Outstanding at the end of the year	**5,100,000**	**0.176**	1,000,000	0.225
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 9.2 years (2008: 9.4 years) and the exercise price ranged from S$0.144 to S$0.225 (2008: S$0.225). During the financial year ended 31 March 2009, Options were granted on 8 July 2008 and 27 August 2008 respectively. The estimated fair values of the Options on these dates are S$69,800 and S$65,400 respectively. During the financial year ended 31 March 2008, Options were granted on 8 August 2007 and the estimated fair value of the Options granted on that date is S$88,450.

Notes to the Financial Statements

For the financial year ended 31 March 2009

26. SHARE-BASED PAYMENTS (continued)

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

	2009A	2009B	2009C	2009D	2009E	2008
Weighted average share price	S$0.215	S$0.215	S$0.215	S$0.180	S$0.180	S$0.270
Exercise price	S$0.215	S$0.175	S$0.175	S$0.144	S$0.144	S$0.225
Expected volatility	36.63%	36.63%	36.63%	36.76%	36.76%	33.58%
Expected life	10 years	10 years	10 years	10 years	10 years	10 years
Risk free rate	3.344%	3.344%	3.344%	3.113%	3.113%	2.954%
Expected dividend yield	6.38%	6.38%	6.38%	7.62%	7.62%	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.

During the year, the Group granted 2,400,000 performance shares ("Performance Shares") as Award to three executive directors of the Company under the PSP for the period commencing from 27 August 2008 to 26 August 2009. According to the Award letter to the three executive directors of the Company, the number of Performance Shares to be earned should be based on the level of four performance targets. After review by the Group, the performance targets have not been achieved and no Performance Shares have been awarded to the three executive directors of the Company as at the balance sheet date.

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 (note 27(c)(i)) HK$'000	Contributed surplus (note 27(c)(ii)) HK$'000	Share-based payment reserve (note 27(c)(iii)) HK$'000	Retained earnings HK$'000	Total HK$'000
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
Transfers to retained earnings		–	(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 shareholders of the Company					27,697	

Notes to the Financial Statements

For the financial year ended 31 March 2009

27. RESERVES (continued)

(b) **The Company (continued)**

	Note	Share premium (note 27(c)(i)) HK$'000	Contributed surplus (note 27(c)(ii)) HK$'000	Share-based payment reserve (note 27(c)(iii)) HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 April 2008		85,591	67,239	130	27,697	180,657
Profit for the year		–	–	–	29,224	29,224
Dividend paid		–	–	–	(27,690)	(27,690)
Share-based payments		–	–	441	–	441
At 31 March 2009		85,591	67,239	571	29,231	182,632
Representing:						
At 31 March 2009 after proposed final dividend					13,403	
Proposed final dividend	13				15,828	
Equity attributable to shareholders of the Company					29,231	

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

(i) Share premium account

The share premium of the Group and the Company includes the premium arising from the issue of shares which are the subject of the invitation to the public for subscription at S$0.23 each during the financial year ended 31 March 2007, net of the share issue expenses 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) Contributed surplus

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

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

(iii) Share-based payment reserve

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

(iv) Translation reserve

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

Notes to the Financial Statements

For the financial year ended 31 March 2009

27. RESERVES (continued)

(c) Nature and purpose of reserves (continued)

(v) Statutory reserve

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

(vi) Investment revaluation reserve

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

28. DEFERRED TAX LIABILITIES

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

The Group	**Accelerated tax depreciation HK$'000**
At 1 April 2007	2,058
Credit to income statement for the year (note 11)	(687)
At 31 March 2008 and 1 April 2008	1,371
Charge to income statement for the year (note 11)	1,755
At 31 March 2009	3,126

29. 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	
	2009 HK$'000	2008 HK$'000
US$	**45,470**	52,351
RMB	**8,247**	6,691
JPY	**3,730**	9,109
Others	**85**	1,421
	57,532	69,572

Notes to the Financial Statements

For the financial year ended 31 March 2009

30. ACCRUALS, OTHER PAYABLES AND DEPOSITS RECEIVED

	The Group		The Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Accruals and other payables	**60,455**	62,603	**573**	1,635
Deposits received	**28,981**	23,480	**–**	–
Due to directors	**5,911**	10,058	**–**	–
Staff bonus payable	**14,785**	13,267	**–**	–
Provision for sales warranties	**14,423**	16,365	**–**	–
Provision for legal and professional fee	**–**	4,263	**–**	–
Provision for claims from customers	**5,191**	6,269	**–**	–
	129,746	136,305	**573**	1,635

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

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 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 and 1 April 2008	16,365	4,263	6,269
Charge for the year	3,782	84	3,139
Reversal for the year	(3,202)	(4,347)	(4,217)
Realised during the year	(2,522)	–	–
At 31 March 2009	14,423	–	5,191

Notes to the Financial Statements

For the financial year ended 31 March 2009

31. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

Acquisition of a subsidiary

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

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

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

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

Bonder contributed HK$Nil to the Group's turnover and profit after tax for the period between the date of acquisition and the balance sheet date.

If the acquisition had been completed on 1 April 2008, total Group turnover for the year would have been HK$960,059,000, and profit for the year would have been HK$53,046,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2008, nor is intended to be a projection of future results.

32. CAPITAL COMMITMENTS

The Group's capital commitments at the balance sheet date are as follows:

	The Group	
	2009 HK$'000	2008 HK$'000
Contracted but not provided for:		
Acquisition of property, plant and machinery	**215**	8,296
Construction of factory premises	**8,734**	13,364
	8,949	21,660

Notes to the Financial Statements

For the financial year ended 31 March 2009

33. LEASE COMMITMENTS

At 31 March 2009, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2009	2008
	HK$'000	HK$'000
Within one year	**1,069**	2,291
In the second to fifth years inclusive	**–**	36
	1,069	2,327

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

34. RELATED PARTY TRANSACTIONS

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

	The Group	
	2009	2008
	HK$'000	HK$'000
Purchases of goods from:		
Nicecon Limited	**2,188**	2,897
KyoEyi Denso Limited	**389**	346
Management fee received from:		
KyoEyi Denso Limited	**180**	180
Project management fee paid to:		
Concord Building Company Limited	**1,090**	800

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

	The Group	
	2009	2008
	HK$'000	HK$'000
Trade payables to:		
Nicecon Limited	**201**	680
KyoEyi Denso Limited	**16**	–

During the financial year ended 31 March 2009, the Group has made certain advances to KyoEyi Denso Limited totalled approximately HK$1,160,000 (2008: HK$1,065,000) which are unsecured, interest-free and of which approximately HK$740,000 (2008: HK$632,000) are repayable at the same date and the rest are repayable within the month of advancement. The Group also made certain payments totalled approximately HK$178,000 (2008: HK$910,000) on behalf of KyoEyi Denso Limited of which approximately HK$Nil (2008: HK$657,000) was paid out of deposits received before payment and the rest are repayable on monthly basis. At 31 March 2009, other than trade payables of HK$16,000 (2008: HK$Nil) there was no outstanding balance due from/to KyoEyi Denso Limited (2008: HK$Nil).

The Group's key management personnel are the directors and key executives. The remunerations of directors and key executives for the financial years ended 31 March 2008 and 2009 are disclosed in note 12.

Notes to the Financial Statements

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34. RELATED PARTY TRANSACTIONS (continued)

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

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

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

35. CONTINGENT LIABILITIES

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

36. 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 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 2009	OEM products HK$'000	ODM products HK$'000	Consolidated HK$'000
REVENUE			
External sales	794,399	165,660	960,059
RESULTS			
Segment results	134,008	22,125	156,133
Interest income			2,548
Finance costs			(491)
Unallocated corporate expenses			(98,633)
Income tax expense			(6,493)
Profit for the year			53,064
ASSETS			
Segment assets	74,180	28,239	102,419
Unallocated corporate assets			435,643
Total assets			538,062
LIABILITIES			
Segment liabilities	34,215	19,303	53,518
Unallocated corporate liabilities			161,053
Total liabilities			214,571
OTHER INFORMATION			
Unallocated capital expenditure			80,016
Unallocated depreciation			20,460
Unallocated amortisation			476
Allowance for doubtful debts	–	8,703	8,703
Impairment loss on goodwill recognised in the income statement	4,020	–	4,020

Notes to the Financial Statements

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36. STATEMENT OF OPERATIONS BY SEGMENTS (continued)

(a) Business segments (continued)

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 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)/Allowance for doubtful debts	(681)	489	(192)

(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.

	2009 HK$'000	2008 HK$'000
North and Central America	**528,102**	462,207
Greater China	**339,420**	309,107
Asia Pacific	**14,120**	12,349
Europe	**78,417**	100,527
	960,059	884,190

Notes to the Financial Statements

For the financial year ended 31 March 2009

36. STATEMENT OF OPERATIONS BY SEGMENTS (continued)

(b) Geographical segments (continued)

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

	2009	2008
	HK$'000	HK$'000
Greater China	**538,062**	561,593
Asia Pacific	**–**	867
	538,062	562,460

Capital expenditure

	2009	2008
	HK$'000	HK$'000
Greater China	**80,016**	65,511

37. DERIVATIVE FINANCIAL INSTRUMENTS

Foreign currency derivatives:

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

Notional amounts of derivative financial instruments:

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

At the balance sheet date, the Group had notional amounts as follows:

	2009	2008
	HK$'000	HK$'000
Foreign exchange forward contracts - US$	**2,325**	–

38. EVENTS AFTER THE BALANCE SHEET DATE

On 25 May 2009, a final dividend of approximately HK$0.045 was proposed by the Company to its shareholders in respect of the financial year ended 31 March 2009 (note 13).

Shareholders' Information

As at 9 June 2009

Authorised share capital	:	HK$190,000,000
Issued and fully paid-up capital (including Treasury Shares)	:	HK$35,500,000
Issued and fully paid-up capital (excluding Treasury Shares)	:	HK$33,324,000
Number of shares issued (excluding Treasury Shares)	:	351,723,000 shares
Number/Percentage of Treasury Shares	:	3,277,000 (0.92%)
Class of shares	:	Ordinary share of HK$0.10 each
Voting rights	:	One vote per share

STATISTICS OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 - 999	6	0.38	3,278	0.00
1,000 - 10,000	575	36.37	3,813,673	1.08
10,001 - 1,000,000	985	62.30	64,426,995	18.32
1,000,001 and above	15	0.95	283,479,054	80.60
	1,581	100.00	351,723,000	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	TSE CHONG HING	77,920,442	22.15
2.	CHOW KOK KIT	73,076,738	20.78
3.	HUNG KAI WING	36,150,237	10.28
4.	WONG HING KWAI	36,050,237	10.25
5.	DBS VICKERS SECURITIES (S) PTE LTD	27,086,692	7.70
6.	CIMB-GK SECURITIES PTE. LTD.	10,983,000	3.12
7.	HSBC (SINGAPORE) NOMINEES PTE LTD	4,221,000	1.20
8.	HO YAM HIN	3,239,935	0.92
9.	UOB KAY HIAN PTE LTD	2,712,773	0.77
10.	HONG LEONG FINANCE NOMINEES PTE LTD	2,393,000	0.68
11.	OCBC SECURITIES PRIVATE LTD	2,379,000	0.68
12.	PHILLIP SECURITIES PTE LTD	2,370,000	0.68
13.	TSUI SUNG LAM	2,346,000	0.67
14.	MIGAN SDN BHD	1,350,000	0.39
15.	YING HOLDING SDN. BHD.	1,200,000	0.34
16.	NG TIOW MIN	1,000,000	0.28
17.	TAN KAH KIAN	1,000,000	0.28
18.	W. GAN SDN. BHD.	1,000,000	0.28
19.	KIM ENG SECURITIES PTE. LTD.	987,000	0.28
20.	EE BENG CHUAN	850,000	0.24
		288,316,054	81.97

Shareholders' Information

As at 9 June 2009

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name	Direct Interest	%	Deemed Interest	%
Tse Chong Hing	77,920,442	22.15	–	–
Chow Kok Kit	73,076,738	20.78	–	–
Hung Kai Wing	36,150,237	10.28	–	–
Wong Hing Kwai	36,050,237	10.25	–	–

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

35.58% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of VALUETRONICS HOLDINGS LIMITED ("the Company") will be held at M Hotel Singapore, Anson II Level 2, 81 Anson Road, Singapore 079908 on Monday, 20 July 2009 at 10.00 am for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 March 2009 together with the Auditors' Report thereon.

(Resolution 1)

2. To declare a first and final dividend of HK4.5 cents per ordinary share (tax not applicable) for the year ended 31 March 2009 (2008: HK7.8 cents per ordinary share).

(Resolution 2)

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

   Chow Kok Kee **(Resolution 3)**
   Lim Chin Tong **(Resolution 4)**

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

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

4. To approve the payment of Directors' fees of S$160,000 for the year ending 31 March 2010, to be paid quarterly in arrears at the end of each calendar quarter. [2009: S$160,000].

(Resolution 5)

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

(Resolution 6)

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

AS SPECIAL BUSINESS

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

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

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

(i) new Shares arising from the conversion or exercise of convertible securities;

(ii) new Shares arising from exercising share options or vesting of Share awards outstanding or subsisting at the time this Resolution is passed; and

(iii) any subsequent bonus issue, consolidation or subdivision of Shares;

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

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

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

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

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

(a)	Proposed date of grant of Awards	:	Within one (1) month from the date of the AGM
(b)	Number of Shares comprised in the proposed Awards	:	Not exceeding 1,000,000 shares (being approximately 1.9% of the total number of Shares to be issued under the Valuetronics PSP and Valuetronics ESOS [this is on the assumption that the total number of Shares available under the Valuetronics PSP and the Valuetronics ESOS , being 15% of the total issued Shares of the Company is 52,758,450 as at the Latest Practicable Date. The total number of Shares under the Valuetronics PSP and the Valuetronics ESOS will vary depending on the issued share capital of the Company from time to time]

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

NOTICE OF ANNUAL GENERAL MEETING

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

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

(a)	Proposed date of grant of Options	:	Within one (1) month from the date of the AGM
(b)	Number of Shares comprised in the proposed Options	:	Not exceeding 1,000,000 shares (being approximately 1.9% of the total number of Shares to be issued under the Valuetronics PSP and Valuetronics ESOS [this is on the assumption that the total number of Shares available under the Valuetronics PSP and the Valuetronics ESOS , being 15% of the total issued Shares of the Company is 52,758,450 as at the Latest Practicable Date. The total number of Shares under the Valuetronics PSP and the Valuetronics ESOS will vary depending on the issued share capital of the Company from time to time])
(c)	Exercise Price per Share (in the case of Options)	:	20% discount of the Market Price at the relevant date of grant
(d)	Exercise Period (in the case of the Options)	:	Exercisable after two (2) years from the date of grant.

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

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

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

(a)	Proposed date of grant of Awards	:	Within one (1) month from the date of the AGM
(b)	Number of Shares comprised in the proposed Awards	:	Not exceeding 700,000 shares (being approximately 1.3% of the total number of Shares to be issued under the Valuetronics PSP and Valuetronics ESOS [this is on the assumption that the total number of Shares available under the Valuetronics PSP and the Valuetronics ESOS , being 15% of the total issued Shares of the Company is 52,758,450 as at the Latest Practicable Date. The total number of Shares under the Valuetronics PSP and the Valuetronics ESOS will vary depending on the issued share capital of the Company from time to time])

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

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

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

(a)	Proposed date of grant of Options	:	Within one (1) month from the date of the AGM
(b)	Number of Shares comprised in the proposed Options	:	Not exceeding 700,000 shares (being approximately 1.3% of the total number of Shares to be issued under the Valuetronics PSP and Valuetronics ESOS [this is on the assumption that the total number of Shares available under the Valuetronics PSP and the Valuetronics ESOS , being 15% of the total issued Shares of the Company is 52,758,450 as at the Latest Practicable Date. The total number of Shares under the Valuetronics PSP and the Valuetronics ESOS will vary depending on the issued share capital of the Company from time to time])

NOTICE OF ANNUAL GENERAL MEETING

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

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

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

THAT:-

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

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

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

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

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

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

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

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

In this Resolution:

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

where:-

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

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

14. **Proposed Alterations to the Bye-laws of the Company – Special Resolution**

That the alterations to Bye-law 66 of the Bye-laws of the Company as set out at paragraph 4.2 in the Circular dated 26 June 2009 be and are hereby approved.
[See Explanatory Note (v)] **(Resolution 14)**

By Order of the Board

Shirley Lim Keng San
Hazel Chia Luang Chew
Company Secretaries

Singapore, 26 June 2009

Explanatory Notes:

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

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

(iii) Explanatory notes to Ordinary Resolutions 9 to 12 are set out in the Circular dated 26 June 2009.

(iv) The Ordinary Resolution 13 proposed in item 13 above, if passed, will empower the Directors from the date of the above Meeting until the next Annual General Meeting to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to 10% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price. Information relating to this proposed Resolution is set out in the Circular dated 26 June 2009.

(v) Explanatory notes to the Special Resolution 14 are set out in the Circular dated 26 June 2009.

Notes:

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

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

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

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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 Services (Bermuda) Ltd [2]

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Business Office

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

Bermuda Share Registrar

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

Singapore Share Transfer Agent

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

Auditors

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

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

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

valuetronics

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