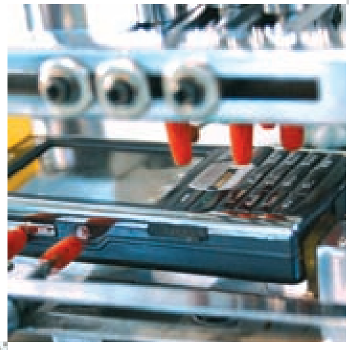
Z-OBEE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
Stock Code
Singapore: D5N
Hong Kong: 948



Annual Report 2010

BRAND PROFILE – VIM

CREATIVITY INSPIRED BY A BETTER LIFE

"Aspiring to a better quality of life, no matter how slight" is the guiding spirit inspiring your individual taste.

Distinctive VIM products are designed through an inspiration from life refined by a desire to attain a quality lifestyle expressing your unique character. Our brand positioning – "Creativity inspired by a better life" distills the very essence of the VIM brand. It also conveys the core brand personality and value, comprising the following:

- To design products guided by fulfillment of customers' needs;
- To create products distinguished by their innovation;
- To devote meticulous attention to elegance in design to satisfy the aspiration for a better quality of life;
- To bring a rich, intimate experience to users through a refined attention to detail.

These expressions of beliefs and values are reflected within our VIM brand. "V" represents our objective of "Versatility" within our solutions; "I" symbolises the guiding spirit of "Innovation" in our design; and "M" signifies our attention to "Multiculturalism", our ability to touch everybody's life, everywhere. These are the three essential elements of our brand. These elements are grounded in everyday experience and realised by our belief as professed in our positioning "**Creativity inspired by a better life**".

TECHNOLOGIES by VIM

TV-out

Share the photos or videos
with friends on TV!!

B99

Secure Message

Want to send secret message to your loved ones? Don't worry about any leakage of the secret message as you can protect it with a unique password.

File Security

Encrypt all kinds of digital files (e.g.: .jpg, .pdf, .mp3, .ppt, etc.) with password not accessible to anybody!!

B99

TECHNOLOGIES by VIM

Noise Reduction

Reduce the background noise.
Better conversation
quality!!

R98

F822

Draw-it

A patented drawing function with 14 different tools and more than 256 colors to tap your creativity. Creations can be saved as .bmp files and be shared through bluetooth or mms.

D52

Voice Calendar

Manage schedule and alert the scheduled events and tasks by your own voice!!

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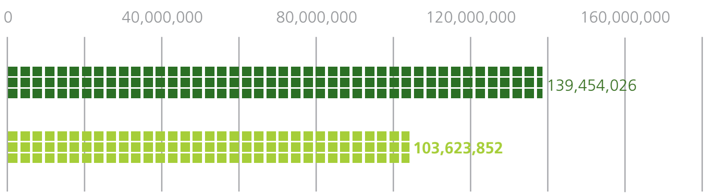
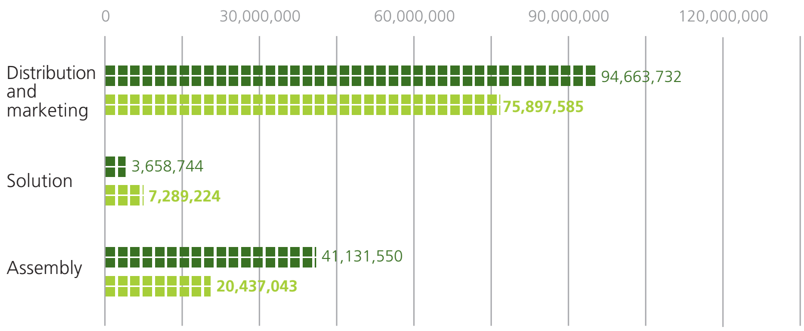
FINANCIAL HIGHLIGHTS

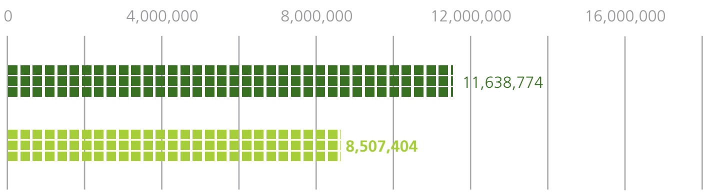
Revenue
US$



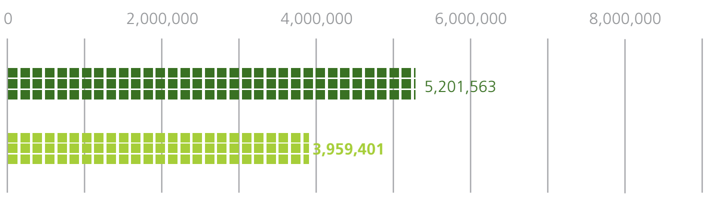
Revenue by segment
US$



Gross profit
US$



Net profit attributable to owners of the Company
US$



2010
2009

CHAIRMAN'S STATEMENT

Dear Shareholders

I am pleased to present the annual report of Z-Obee Holdings Limited ("Z-Obee", the "Company" or the "Group") for the year ended 31 March 2010 (the "FY2010").

It was a difficult and challenging but also fruitful year for the Group in FY2010 after the recovery of the financial crisis. The number of mobile handset subscribers reached 776.87 million at the end of March 2010, representing an increment of 106.57 million compared to the same period last year. The general recovery of the PRC mobile handset industry was mainly through the issuing of 3G licenses to three telecom operators by the China Government and the emerging rural market. Owing to the efforts and resilience of our staff, the Group managed to capitalise the opportunities to grow further this year and the business of the Group was finally back on track.

The Group recorded a 34.58% increase in revenue in FY2010 to approximately US$139.5 million. Gross profit increased by 36.81% to approximately US$11.6 million whereas profit attributable to the owners of the Company increased by 31.37% to approximately US$5.2 million. All major financial results of the Group improved prominently when compared to that of last year.

The Group achieved a remarkable milestone this year in having a dual listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "HKSE") and the mainboard of the Singapore Exchange Securities Trading Limited (the "SGX-ST") since 1 March 2010. The fund raised from the initial public offering in Hong Kong (the "HK IPO") could further strengthen the following areas:

(i) research and development through recruitment of additional research & development team and acquisition of research and development team's equipment;

(ii) 3G technologies through additional investment in research on the application and solutions of 3G technologies and operating platform of mobile handset; and

(iii) brand awareness of "VIM" or in Chinese "偉恩" in the mobile handset market in the PRC.

The improvement in the above areas would provide a good platform for the Group to grow up and build on its solid foundation further in the future.

Another major achievement of the Group in the current year is the launching 6 new models of our "VIM" branded mobile handsets in FY2010. This is one of the main areas of focus and we will try to develop and launch 4 new 3G mobile handset models in the second half of 2010.

We still anticipate that the general economic environment will remain highly uncertain and vulnerable in the foreseeable future, especially for the mobile handset industry. In view of the increasing complexity and volatility of the business environment that the Group is operating in, the Group is proceeding cautiously. We shall continue to focus on and enhance our core competence in providing one-stop mobile handset solutions and our brand name "VIM" mobile handset.

In view of the intense competition of the mobile handset industry, the Group is now actively seeking other opportunities to broaden the revenue base of the Group through formation of a strategic alliance with Yoho King Limited and its subsidiaries by acquiring of 15% equity interest in Yoho King Limited in May 2010. We shall further expand our product mix in order to gain a higher market share through (i) our in-house development of 3G mobile handset under our brand name "VIM"; and (ii) a co-operation agreement with Shenzhen Jinzunzhe Technology Limited ("SJTL") on 25 May 2010 to provide not less than 200,000 units of CDMA mobile handsets as end products to one of the telecommunications operators in the PRC through SJTL in the next two years. We are very confident that our strategies will provide us with opportunities to open up a new source of income effectively.

The Company is now considering the option to list Taiwan Depository Receipts on the Taiwan Stock Exchange Corporation ("Proposed TDR Listing"). We believe that the Proposed TDR Listing is an attractive alternative for international investors, particularly potential investors in Taiwan to invest and deal in the shares of the Company. This will further increase the liquidity of the Company's shares and broaden and diversify the shareholder base of the Company. The Proposed TDR Listing will also increase public awareness of the Group and will promote the Group's corporate image in Taiwan. This will enhance the Group's competitiveness in Taiwan and be beneficial to the Group's business development in Taiwan in the future.

For the forthcoming annual general meeting ("AGM") of the Company for FY2010, the venue will be in Hong Kong, instead of Singapore. We had originally intended to hold the AGM in Singapore. However, after taking into consideration that this is the first AGM after the HK IPO, we are of the view that it would be more appropriate to hold the AGM in Hong Kong so that we could further enhance the investor relationship in Hong Kong. To facilitate shareholders' participation in the AGM and in maintaining a good continuing relationship with shareholders, we will arrange for a meeting venue in Singapore where shareholders can gather and communicate with the Directors and Management via video conference. We believe that this arrangement is effective and provides the same platform for shareholders' participation.

I would like to take this opportunity to welcome Mr. Lo Hang Fong and Mr. Jerome Tham to the Board and to express my deep appreciation of my fellow directors, for your advice and invaluable contributions.

On behalf of the Board of Directors, my sincere gratitude to the shareholders, customers, suppliers and business partners for their support throughout the years. Finally, I would like to thank my Management team and employees, for their dedication and hard work in the past year. It is the joint effort of each and every one that resulted in the achievements of Z-Obee today.

Wang Shih Zen
Chairman and Chief Executive Officer

FINANCIAL REVIEW, OPERATIONAL REVIEW AND BUSINESS OUTLOOK

qualified mobile handset manufacturer in October 2008 and launched handsets under "VIM", the new flagship brand name of the Group for its proprietary handsets

Z-Obee Holdings Limited (the "Company") was incorporated on 30 January 2007 in Bermuda. The Company's shares have been dual primary listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "HKSE") and the mainboard of the Singapore Exchange Securities Trading Limited (the "SGX-ST") since 1 March 2010. The financial review on certain major items for the 12 months ended 31 March 2010 ("FY2010 12M") with comparison to the 12 months ended 31 March 2009 ("FY2009 12M") and the operational review and business outlook are set out below:

Financial Review

Revenue

Revenue increased by approximately 34.58% from approximately US$103,624,000 in FY2009 12M to approximately US$139,454,000 in FY2010 12M.

The revenue generated from the provision of design and production solution services for mobile handset (the "Solution"), distribution and marketing of mobile handset and mobile handset components (the "Distribution and Marketing") and assembly of mobile handset and surface mounting technology of printed circuit board (the "Assembly") in FY2010 12M was approximately US$3,658,000 (FY2009 12M: US$7,289,000), US$94,664,000 (FY2009 12M: US$75,898,000) and US$41,132,000 (FY2009 12M: US$20,437,000), respectively.

The increase in revenue was due mainly to an increase in the Distribution and Marketing segment and Assembly segment in the current year, which more than offset the decrease in the Solution segment. The increase in Distribution and Marketing segment and Assembly segment was due mainly to an increase in new revenue contributors derived from the revenue from "VIM" brand mobile handset and the trading of CDMA related components, which started in the second quarter of the FY2010 12M as a result of the recovery in the demand for mobile handsets in China.

Gross profit

Gross profit increased by approximately 36.81% in FY2010 12M versus FY2009 12M while gross margin increased to approximately 8.35% for FY2010 12M from approximately 8.21% for FY2009 12M.

The gross profit margin of the Solution segment, Distribution and Marketing segment and Assembly segment for FY2010 12M was approximately 77.42% (FY2009 12M: 73.01%), 3.62% (FY2009 12M: 2.01%) and 13.08% (FY2009 12M: 8.12%), respectively.

The increase in the gross profit margin in the current year was due mainly to effective cost control on the Solution segment and increase in contribution from certain new revenue contributors of the Distribution and Marketing segment and Assembly segment, which have a higher gross profit margin.

Total assets

The total assets amounted to approximately US$109.4 million as at 31 March 2010 comprised mainly of trade receivables, bank and cash balances, prepayments, deposits and other receivables; and property, plant and equipment. The increase in the total assets amounted to approximately 41.38% was due to the continuous expansion of the Group and the initial public offering in Hong Kong (the "HKIPO") in the current year.

Total liabilities

The total liabilities amounted to approximately US$32.1 million as at 31 March 2010 and comprised mainly of trade and bills payables, short-term bank loans and trust receipt loans. The increase in the total liabilities amounted to approximately 36.65% was due to the continuous expansion of the Group in the current year.

Operational Review

Material transactions

The Group had the following material transactions during the year under review and up to the date of the annual report:

On 22 May 2009, the Group entered into the sale and purchase agreements with Full Wealth (Hong Kong) Limited and China Zhenhua (Group) Science & Technology Co., Ltd (collectively known as the "Purchasers") for the disposal of the 42% equity interest in GuiZhou Zhenhua OBEE Communication Co., Ltd ("Zhenhua Obee") at a total consideration of RMB10,113,600, which was agreed upon at arm's length negotiation between the Group and the Purchasers after taking into account the carrying amount of the Group's investment in Zhenhua Obee as at 31 December 2008. As the Group established its own manufacturing arm in March 2007 and had since launched its mobile handset under the new flagship brandname "VIM" or in Chinese "偉恩" in December 2008 with its own manufacturing skill and production capacity, any further investment in Zhenhua Obee would not make the most efficient use of the Group's resources. Accordingly, the Directors were of the view that (i) it was appropriate to dispose of the investment in Zhenhua Obee; and (ii) the disposal would not have any significant impact on the core business and operation of the Group in any material aspect concerning research and development, manufacture and sale of mobile handset solutions and its proprietary mobile handset. The disposal was completed in the fourth quarter of FY2010.

On 24 September 2009, the Company entered into eight subscription agreements with eight existing shareholders respectively, being independent third parties, for the issue and allotment by the Company to such subscribers of 20,000,000 subscription shares, at a subscription price of S$0.13 (equivalent to approximately HK$0.72) per share. The issue and allotment of shares was completed on 8 October 2009.

On 26 February 2010, 78,000,000 new shares were issued and allotted upon the HKIPO by means of placing and public offer. The Company's shares have been dual primary listed on the Main Board of HKSE and the mainboard of the SGX-ST since 1 March 2010.

On 23 March 2010, the Group entered into a share purchase deed, with Ms. Cheung Yiu Shan and Yoho King Limited ("Yoho King"), conditionally to acquire 7,500 shares of Yoho King which represents 15% of the existing equity interests in Yoho King and its subsidiaries (collectively known as "Yoho King Group") as at the date of the share purchase deed at the consideration of US$10,830,975 by cash.

The Directors consider that the acquisition represents a good opportunity for the Group to expand into high-tech products, such as netbooks, computer chips and other IT communication devices and terminals through a formation of strategic alliance with Yoho King Group. Apart from the opportunity for possible expansion to another new business segment, the Directors also considered that there may be synergy effect in the future as the Group and

Yoho King Group are both principally engaged in the electronics products business. As a result, both the Group and Yoho King Group could have mutual benefits arising from the formation of the strategic alliance. The proposed acquisition was approved by the independent shareholders of the Company in the special general meeting held on 18 May 2010 and was completed on 31 May 2010.

In addition, the Group entered into a co-operation agreement with Shenzhen Jinzunzhe Technology Limited ("SJTL") on 25 May 2010 to provide not less than 200,000 units of CDMA mobile handsets as end products to one of the telecommunications operators in the PRC (the "Telecom Operator") through SJTL in the next two years. The Directors believe that it is a good opportunity to enhance the customer portfolio of the Group and build up a good business relationship with SJTL and indirectly, the Telecom Operator. Subject to the final results, the Board believes that the co-operation will contribute positively to the Group's revenue and net profit in the next two years.

The Company is now considering the option to list Taiwan Depository Receipts on the Taiwan Stock Exchange Corporation ("Proposed TDR Listing"). On 14 June 2010, the Company and Polaris Securities Co., Ltd. (寶來證券有限公司) ("Polaris") entered into a service agreement, pursuant to which the Company has engaged Polaris as a financial adviser to provide the financial advisory service to the Company in relation to the Proposed TDR Listing. The Directors believe that the Proposed TDR Listing is an attractive alternative for international investors, particularly potential investors in Taiwan to invest and deal in the shares of the Company. This will further increase the liquidity for the Company's shares and broaden and diversify the shareholder base of the Company. The Directors consider that the Proposed TDR Listing will also increase public awareness of the Group and will promote the Group's corporate image in Taiwan. This will enhance the Group's competitiveness in Taiwan and be beneficial to the Group's business development in Taiwan in the future.

Significant subsidiaries of the company

The significant subsidiaries of the Company are Zeus Telecommunication Technology Holdings Limited, Tongqing Communication Equipment (Shenzhen) Co., Ltd and Max Sunny Limited. Details of the subsidiaries of the Company are set out in note 19 to the financial statements.

Liquidity and capital resources

As at 31 March 2010, the Group had current assets of US$95,013,560 (2009: US$65,806,400) and current liabilities of US$29,879,254 (2009: US$21,588,410) and total bank and cash balances (including time deposits with original maturity over 3 months) of US$38,105,871 (2009: US$28,186,543). The Group's current ratio, being a ratio of current assets to current liabilities, was approximately 3.18 (2009: 3.05). The Group's gearing ratio, being a ratio of total debt to total assets, was approximately 15.15% (2009: 20.49%).

During FY2010, the Company has successfully raised approximately US$1,808,000 by private placement of 20,000,000 new shares at subscription price of S$0.13 per share and approximately US$16,696,000 by placing and public offer of 78,000,000 new shares upon the HKIPO at subscription price of HK$1.80 per share.

The Group finances its operation and capital expenditure through the funds raised from the private placement and the HKIPO, internally generated fund and utilisation of banking facilities.

The Group will regularly review its financial resources and will consider various plans to enhance its financial capabilities.

Capital commitments

As at 31 March 2010, the capital commitment of the Group in respect of the acquisition of 15% equity interest in Yoho King Group and purchase of property, plant and equipment, which had been contracted for but not provided in FY 2010, were in the total amount of US$6,498,585 (2009: Nil) and US$1,650,749 (2009: US$71,745), respectively.

Charge on assets

As at 31 March 2010, certain bank deposits of approximately US$3,727,000 (2009: US$6,300,000) were placed with banks in Hong Kong and PRC as the pledge for general banking facilities and bank loans.

As at 31 March 2010, the Group's finance lease payables are secured by the lessor's title to the leased assets and corporate guarantee executed by a subsidiary of the Company.

Contingent liabilities

As at 31 March 2010, the Group did not have any material contingent liabilities (2009: Nil).

Employee information

As at 31 March 2010, the Group has 185 full time employees whose salary and benefit levels are maintained at competitive levels. Employees are rewarded on a performance related basis within the general policy and framework of the Group's salary scheme, and discretionary bonus schemes based on the performance of the Group, which are regularly reviewed. Other benefits are also provided including medical insurance and pension funds, and social and recreational activities are arranged around the world.

Outlook

2009 is a dynamic year for the mobile handset industry. After a long slump, worldwide mobile handset sales began to pick up in the fourth quarter of 2009. The rebound effect is much more prominent in China mobile handset industry due mainly to the active stimulation of the economy by the Chinese Government, issuing 3G licenses to three telecom operators and the emerging rural market area.

In China, the number of mobile handset subscribers reached approximately 776.87 million as at 31 March 2010. It revealed that China had the largest number of mobile handset subscribers in Asia Pacific and indeed in the world. It is generally believed that China will continue to have the world's largest number of mobile handset subscription base in the next few years. In China, consumers spent approximately 11.2% of their total expenditure on communications, which was comparably higher than the pattern of the other Asia Pacific region. Substantial subsidies from the three major telecom operators in China enhance the Chinese to buy a new fancy 3G handset with distinct and multi functions. The stimulation of the economy by the China government through paving the way for an investment of around 280 billion yuan in upgrading and expanding the network over the next two years also fuelled the 3G handset market to develop and grow further. The emergent market from the rural area of China also created another new business opportunities. Based on the above favourable factors to the mobile handset industry in China, both in short term and long term, the forecast subscription base and penetration rate is approximately 957 million and approximately 70.3% in 2015, respectively, as expected by market analyst. A research institute also estimated that sales volume of the China 3G mobile handset will leap from 5.3 million units in 2009 to 40 million units this year.

The challenge for 2010 mobile handset industry in China is still promising. It is widely believed that the main trend for all mobile handset manufacturers in the near future to become more innovative and price competitive so as to meet the customers' needs and wants (both high-end and low-end) in the market. The fast growing 3G mobile handset market will provide many opportunities in 2010. Market innovation and price competitiveness are the Group's strategies to focus on as it continuously strives to strengthen its research and development team, both in existing product intelligence and application and solutions of 3G technologies and operating platform of mobile handset, in order to further build on its foundation.

DIRECTORS' AND MANAGEMENT PROFILE

Executive Directors

Wang Shih Zen ("Mr. Wang"), aged 49, is one of the controlling shareholders, Chairman and chief executive of the Company. He joined the Group in 2005 and was appointed to the Board on 1 February 2007. He was last re-elected on 30 July 2009. Mr. Wang is responsible for the strategy planning of the Group and also leads both of the research and development team and the sales and marketing team.

After Mr. Wang joined the Group in 2005, the Group started to focus on research and development of mobile handset solution and application business and recorded an increment in revenue from the provision of mobile handset solution and application since the financial year ended 31 March 2006, which was attributable to the extensive experience in the telecommunication industry contributed by Mr. Wang. In view of Mr. Wang's business strategy, which lead to the expansion of the Group by exploring higher profit margin business and entering into the high-end market, and his extensive experience in telecommunication industry and management, Mr. Wang plays a key person to the Group's success and is responsible for the execution of the business strategies of the Group and the day-to-day management of the business of the Group.

Mr. Wang obtained a Bachelor of Engineering degree from the James Cook University in North Queensland in 1984 and subsequently a Master of Engineering degree from the University of New South Wales in 1987.

In 1998, Mr. Wang joined Neolink Communications Technology Limited which was engaged in the sale of trunking services, as its chief executive officer and assisted to restructure the private company for purposes of listing. Mr. Wang also led its research and development team since 1998. Mr. Wang subsequently joined Pine Technology Holdings Ltd., a company listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, as its executive vice president responsible for planning, developing and managing its internet appliance division from 2000 to 2002. Thereafter, Mr. Wang moved on to establish his own company, Moosik Ltd, a company engaged in the production and sale of electronic devices. Mr. Wang invested in the Group in 2005 and has been in charge of strategising and charting the Group's directions. In September 2009, Mr. Wang ceased to be the director and shareholder of Moosik Ltd. Mr. Wang has over 15 years of experience in the field of information technology. Prior to joining the Group, Mr. Wang has held various senior management positions in a number of telecommunication companies.

Wang Tao ("Ms. Wang"), aged 37, is one of the controlling shareholders, and is responsible for the sales and marketing of the Group in distribution of mobile handsets components. She joined the Group in 2002 and was appointed to the Board on 19 June 2007 and was last re-elected on 30 July 2008. Ms. Wang obtained a Bachelor of Engineering degree from the China University of Petroleum in 1993. In 1995, Ms. Wang entered into a joint venture with a business partner and established a company engaged in the trading of electronics components and mobile accessories. Ms. Wang founded the Group in September 2002.

Lu Shangmin ("Mr. Lu"), aged 47, is responsible for the financial management, and client solicitation, assessment and monitoring of the Group. He was appointed to the Board on 3 March 2009 and was last re-elected on 30 July 2009. Mr. Lu graduated from Anhui University of Finance and Economic (formerly known as Auhui Institute of Finance and Trade) with a bachelor degree of Economics in 1981. He was the financial controller of Shenzhen Yue Tai Hua Investments Limited from September 1997 to March 2007. Mr. Lu joined the Group in May 2007 as the financial controller of the Company before his appointment as an executive Director in March 2009.

NON-EXECUTIVE DIRECTOR

David Lim Teck Leong ("Mr. Lim"), aged 53, was appointed as an independent director of the Company on 28 October 2008 and was last re-elected on 30 July 2009. He has been redesignated as a non-executive Director of the Company since 3 February 2010. Mr. Lim is the Managing Partner of David Lim & Partners, Singapore. Mr. Lim is a Commissioner for Oaths and Notary Public and a fellow member of the Singapore Institute of Directors, member of the Board of National Voluntary & Philanthropy Centre. He currently serves as an independent and non-executive director of Liang Huat Aluminium Limited and Samudera Shipping Line Ltd. The Board will consider Mr. Lim as independent according to the Listing Manual of the SGX-ST, but for the purposes of the dual primary listing in Hong Kong, Mr. Lim has agreed to this redesignation.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chan Kam Loon ("Mr. Chan"), aged 49, was appointed as an independent director of the Company on 24 September 2007 and was last re-elected on 30 July 2008. Mr. Chan holds a Bachelor of Science (Economics) in Accounting and Finance degree from the London School of Economics and Political Science and is a qualified Chartered Accountant with the Institute of Chartered Accountant in England and Wales (ICAEW).

He currently runs his own management and consulting firm, Philip Chan Consulting Pte Ltd and also serves as an independent director of HUPSteel Limited, Jiutian Chemical Group Limited, China Gaoxian Fibre Fabric Holdings Ltd, Sarin Technologies Ltd and Megachem Limited.

Guo Yanjun ("Mr. Guo"), aged 56, was appointed as an independent director of the Company on 24 September 2007 and was last re-elected on 30 July 2008. Mr. Guo graduated with a Diploma in Law from the China People's University in 1984. He is also a director of several investment companies which also provide investment consultancy services.

Lo Hang Fong ("Mr. Lo"), aged 46, was appointed as an independent director of the Company on 3 February 2010. Mr. Lo joined the Group in November 2009 as an independent non-executive director of Max Sunny Limited, a subsidiary of the Company. He graduated from the University of Bristol with a bachelor of law degree in 1986. He is currently a partner of a law firm, Stevenson, Wong & Co. Mr. Lo has been admitted as a solicitor to the High Court of Hong Kong since 1989. He is also admitted as a solicitor to the Supreme Court of Singapore in 1995 and the Supreme Court of England and Wales in 1996. Mr. Lo is currently an independent non-executive director of Mainland Headwear Holdings Limited and Bonjour Holdings Limited, both of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Mr. Tham Wan Loong, Jerome ("Mr. Tham"), aged 52, was appointed as an independent director of the Company on 3 May 2010. Mr. Tham has over 25 years of experience in private banking and equity sales. He was a Senior Relationship Manager with OCBC Private Bank. Prior to joining OCBC Private Bank in March 2008, he held several senior positions in relationship management and business development in financial institutions such as UOB Bank Ltd, Credit Industriel et Commercial, Dexia BIL Asia Pte Ltd, DMG and Merrill Lynch (Singapore). His equity sales experience includes working for companies such as Japan Asia Holdings Ltd, DMG and Partners Securities Pte Ltd, BT Brokerage and Associates Pte Ltd and Daiwa Singapore Ltd. Mr. Tham graduated with a degree in Social Science (with Honours) in Economics from the National University of Singapore in 1983. Mr. Tham is currently an independent non-executive director of China Gaoxian Fibre Fabric Holdings Limited, a company listed on the main board of SGX-ST.

SENIOR MANAGEMENT

Shum Hoi Luen ("Mr. Shum"), aged 34, is the Group's chief financial officer and the Company's company secretary in Hong Kong. Mr. Shum is a fellow member of The Hong Kong Institute of Certified Public Accountants. Prior to joining the Group, Mr. Shum worked in an international accounting firm and a company listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. Mr. Shum joined the Group in August 2008.

Chen Ying ("Ms. Chen"), aged 39, is the Group's chief operations officer and is in charge of administration, procurement and support operation. Ms. Chen joined Zeus Telecommunication Technology Holdings Ltd ("Zeus") as an administration manager in January 2005 and joined the Group in May 2006 when the Group acquired Zeus.

CORPORATE GOVERNANCE REPORT

The Board (the "Board") of Directors (the "Directors") and senior management of Z-Obee Holdings Limited (the "Company") are committed to maintaining a high standard of corporate governance by complying, where possible, with the principles and guidelines of the Code of Corporate Governance 2005 (the "Singapore Code") issued by the Council Corporate Disclosure and Governance, Singapore and the Code on Corporate Governance Practices (the "Hong Kong Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Hong Kong Listing Rules") on The Stock Exchange of Hong Kong Limited (the "HKSE"). This report outlines the main corporate governance practices and processes that were in place throughout the financial year under review.

Other than those minor deviations which are explained in this report, the Company has complied with the principles of both the Singapore Code and Hong Kong Code.

Board Matters

The Board's conduct of its affairs

As at the date of the annual report, the Board comprises:

Executive Directors:
Mr. Wang Shih Zen *(Chairman and Chief Executive Officer)*
Ms. Wang Tao
Mr. Lu Shangmin

Non-executive Director:
Mr. David Lim Teck Leong

Independent Non-executive Directors:
Mr. Chan Kam Loon
Mr. Guo Yanjun
Mr. Lo Hang Fong
Mr. Tham Wan Loong, Jerome

The Board is responsible for the proper conduct of the Company's business and its primary role is to provide leadership, to set strategic aims and to ensure that the necessary and adequate resources are in place for the Company and its subsidiaries (collectively the "Group") to meet its objectives as well as to protect and maximise shareholders' wealth in the long term.

The Board is supported by three sub-committees (collectively the "Committee"), namely the Nominating Committee (the "NC"), Remuneration Committee (the "RC") and Audit Committee (the "AC") to assist the Board in discharging its responsibilities and to enhance the Group's corporate governance framework. Each Committee has its own defined terms of reference and the effectiveness of each Committee is also constantly monitored. The Board accepts that while these Committees have the delegated power to make decisions, execute actions or make recommendations in specific areas, the ultimate responsibility for the decisions and actions reside with the Board.

The Board conducts regular meetings on a quarterly basis, primarily to review and approve the Group's financial results for that period. Additional Board meetings, in respect of the material acquisition and disposal of investments, major funding decisions, share issuance, nomination of directors, appointment of key management personnel, interested party transactions, connected transactions and other significant transactions which will constitute a discloseable, major and very substantial transaction, are convened when required. As a general practice, the agenda and relevant documents required for the Board and Board Committee meetings are disseminated to members before the respective meetings. When necessary, senior management members are invited to the Board or Board Committee meetings to provide updates and information on matters tabled for discussion.

Six Board and four AC meetings; and one each of the NC and RC meetings were held in the year ended 31 March 2010 ("FY2010"), respectively.

The attendances of the Directors at meetings of the Board and Board Committees in FY2010 are disclosed as follows:

	Board		AC		NC		RC	
Name	Number of meetings held	Number of meetings attended	Number of meetings held	Number of meetings attended	Number of meetings held	Number of meetings attended	Number of meetings held	Number of meetings attended
Wang Shih Zen	6	6	N/A	N/A	1	1	1	1
Wang Tao	6	1[1]	N/A	N/A	N/A	N/A	N/A	N/A
Lu Shangmin	6	5	N/A	N/A	N/A	N/A	N/A	N/A
David Lim Teck Leong	6	5	4	4	1	1	1	1
Chan Kam Loon	6	6	4	4	1	1	1	1
Guo Yanjun	6	3	4	2	1	1	1	1
Lo Hang Fong	6	0[2]	4	0[2]	1	0[2]	1	0[2]
Tham Wan Loong, Jerome	6	0[3]	4	0[3]	1	0[3]	1	0[3]

Notes:

1 Ms. Wang Tao was on sabbatical leave for FY2010.

2 Mr. Lo Hang Fong was appointed on 3 February 2010.

3 Mr. Tham Wan Loong, Jerome was appointed on 3 May 2010.

Telephonic attendance and video conferencing are permitted under the Company's Bye-Laws.

When a physical Board or Board Committee meeting is not possible, timely communication with members of the Board or Board Committee can be addressed through electronic means and the circulation of written resolutions for approval by the respective members of the Board or Board Committees.

Newly appointed Directors are provided with various operational, financial and corporate information of the Group and are encouraged to visit the main operation locations of the Group and to meet with senior management so as to gain more understanding and insight into the Group's business operations. In addition, for those who do not have the experience or are not familiar with the duties and obligations required of a director of a listed company, appropriate arrangements would be made to ensure that the said director(s) receive the necessary training and briefing. To keep abreast with developments in corporate, financial, legal and other compliance requirements, Directors are encouraged to attend relevant training courses, at the expense of the Company.

Mr. Lo Hang Fong and Mr. Tham Wan Loong, Jerome have been appointed as Independent Non-executive Directors of the Company in 2010. Messrs Chan Kam Loon, David Lim Teck Leong, Guo Yanjun, Lo Hang Fong and Tham Wan Loong, Jerome attended a briefing on the roles and responsibilities of a director of a public listed company in Hong Kong. Mr. Lo Hang Fong has experience as a director of listed companies in Hong Kong and is familiar with the roles and responsibilities of a director in listed companies in Hong Kong while Mr. Tham Wan Loong, Jerome has experience as a director of listed companies in Singapore and is familiar with the roles and responsibilities of a director in listed companies in Singapore.

Board composition and guidance

None of the Directors on the Board is related and does not have any relationship (save for Mr. Wang Shih Zen and Ms. Wang Tao who are substantial shareholders of the Company) with the Company, its related companies or its officers which could interfere, or be reasonably perceived to interfere, with the exercise of their independent judgements. The current Independent Non-executive Directors account for more than one-third of the Board. The Board, through the delegation of its authority to the NC, will determine if a candidate appointed to the Board possesses the relevant background, integrity, experience, knowledge and skills necessary for the Company's business and effective decision making. The NC has the responsibility of reviewing the independence of directors on an annual basis. The NC has adopted both the Singapore and Hong Kong Codes' definition of "independent" director and guidelines as to relationships would deem a director not to be independent. Profiles of the Directors and other relevant information are set out on pages 17 to 19 of this Annual Report.

The NC with the concurrence of the Board, is of the view that the current composition of the Board is adequate, after taking into consideration the diversity of skills and experience among the Board members who possess the relevant knowledge in their respective professions, e.g. engineering, finance, legal, and business management, to ensure that the Board is able to exercise and make appropriate and independent decisions with regard to the Group's business and operations. The diversity of the Directors' experience allows for useful exchange of ideas and views.

Independent Non-executive Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide alternative perspectives to the Group's business. In deliberating Management proposals and/or decisions, they bring independent judgement to bear on business activities and transactions involving conflicts of interests and other complexities.

Chairman and chief executive officer

Currently, Mr. Wang Shih Zen, is the Chairman and the Chief Executive Officer ("CEO") of the Company. He is responsible for managing the Board, business strategy and direction, formulation of the Group's corporate plans and policies including executive decision-making and the day-to-day business operations of the Group. He also ensures that the Board is kept updated and informed of the Group's business.

Although there is a deviation from the recommendation of both the Singapore Code and Hong Kong Code, the Board believes that vesting the roles of both Chairman and CEO on the same person provides the Group with a strong and consistent leadership and allows for more effective planning execution of long-term business strategies. In addition, there is a strong element of independence of the Board as half of the current Board comprises Independent Non-executive Directors. All major decisions made by the Chairmen and CEO are reviewed by the Board. His performance and re-appointment to the Board are reviewed by the NC and his remuneration package by the RC. Both the NC and RC are chaired by Independent Non-executive Directors. The Board believes that there are adequate safeguards and checks in place to ensure that the process of decision making by the Board is independent and based on collective decision making without Mr. Wang being able to exercise considerable concentration of power or influence. As such, the Board does not consider segregating the role of Chairman and CEO at this moment. The NC will review the need to separate the roles from time to time and make its recommendation accordingly. As Chairman of the Board, Mr. Wang is responsible for the effective working of the Board such as ensuring that Board meeting are held when necessary, assisting in ensuring compliance with the Company's guidelines on corporate governance, acting as a facilitator at Board meetings and maintaining regular dialogue with Management on all operational matters. The Company Secretaries assist the Chairman in scheduling the Board and Board Committee meeting respectively in consultation with the Chief Financial Officer.

Mr. Chan Kam Loon was appointed as the Lead Independent Director to co-ordinate and lead Independent Non-executive Directors to provide a non-executive perspective and to contribute a balanced viewpoint to the Board. He is also available to address shareholders' concerns on issues that cannot be appropriately dealt with by the Chairman/CEO or the Chief Financial Officer.

Board Membership and Board Performance

The NC was set up in September 2007 and currently comprises six members. Its duties and responsibilities are guided by written terms of reference. The members of the NC comprise a majority of Independent Non-Executive Directors including its Chairman. The current composition of the NC is as follows:

Chairman:	Mr. Lo Hang Fong
Members:	Mr. Chan Kam Loon Mr. Guo Yanjun Mr. Tham Wan Loong, Jerome Mr. Wang Shih Zen Mr. David Lim Teck Leong

The principal functions of the NC are to:

1. review and recommend to the Board the structure, size and composition of the Board and the Board Committees;

2. review and recommend to the Board the appointment of new executive, non-executive and independent non-executive Directors;

3. evaluate the effectiveness of the Board as a whole, and the contributions of each Director;

4. review and recommend Directors retiring by rotation for re-election in the Annual General Meeting (the "AGM");

5. review and evaluate whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple Board representations; and

6. review the independence of each Director on an annual basis.

In accordance with the Company's Bye-Laws, each Director is required to retire at least once every three years by rotation and all Directors appointed by the Board will have to retire at the next AGM, following their appointments. A retiring Director shall be eligible for re-election. In deciding whether to recommend to the Board the re-election of a Director, the NC has to consider the contribution of the Director including attendance and participation at Board and Board Committee meetings and the time and effort accorded to the Company/Group's business and affairs.

Pursuant to the Hong Kong Code, the Independent Non-executive Directors should be appointed with a fixed term. However, there is no fixed term for the appointment of Independent Non-executive Directors of the Company. The Independent Non-executive Directors are re-appointed in accordance with the provision of the Company's Bye-Laws as specified above.

The NC had recommended the re-appointment of the following Directors who will be retiring at the forthcoming AGM:

Mr. Lo Hang Fong
Mr. Tham Wan Loong, Jerome

The Board had accepted the NC's recommendation and accordingly, the abovementioned Directors will be offering themselves for re-election.

The NC had also adopted a process for selection and appointment of new Directors. This provides the procedure for the identification of potential candidates, the evaluation of candidates skills, knowledge and experience, and subsequent recommendation to the Board. Upon appointment of each Director, the Executive Director is provided with a service agreement for an initial fixed period of three years, setting out the terms and conditions of his appointment. The NC has reviewed the independence of Board members with reference to the guidelines as set out in the Singapore Code and Hong Kong Code and has determined Messrs. Chan Kam Loon, Guo Yanjun, Lo Hang Fong and Tham Wan Loong, Jerome to be independent and free from any of their relationships as outlined in the Singapore Code and Hong Kong Code. Pursuant to its terms of reference, the NC is required to determine if a Director has been adequately carrying out his/her duties as a Director of the Company, particularly if he/she has multiple Board representations. In view of this, having considered the confirmations received from the Independent Non-executive Directors (except Tham Wan Loong, Jerome as his appointment was made in May 2010) and Mr. David Lim Teck Leong, a Non-Executive Director, the NC concluded that such multiple Board representations do not hinder them from carrying out their duties as Directors of the Company.

The NC has adopted a formal system of evaluating the Board as a whole. The Board evaluation is conducted on an annual basis. Each member of the Board is required to complete a questionnaire relating to Board composition, information flow to the Board, Board procedures, Board accountability, matters concerning CEO/Senior Management and standards of conduct of Board members. The Board had taken the view that financial indicators as recommended by the Singapore Code to be included as part of the performance criteria for Board evaluation might not be appropriate as these are more of a measurement of Management's performance and therefore less applicable to the Board.

For the year under review, the NC had carried out a Board Performance Evaluation to provide feedback from each Director, his/her views on the Board, procedures, process and effectiveness of the Board as a whole. Ms. Wang Tao, Mr. Lo Hang Fong and Mr. Tham Wan Loong, Jerome did not participate in the Board Evaluation Performance. Ms. Wang was on sabbatical leave for FY2010 while Mr. Lo and Mr. Tham had just joined the Board. All three will take part in the next Board Performance Evaluation for the year ending 31 March 2011.

The results of the Board Performance Evaluation were collated and presented to the NC for discussion together with comparatives from the previous year's results. The NC is generally satisfied with the results of the Board Performance Evaluation for FY2010, which indicated areas of strengths and those that require for improvement, but no significant problems were identified. The NC had discussed the results with the Board members who agreed to work on areas that require improvements. The NC would continue to evaluate the process for such review, its effectiveness and development from time to time.

Access to information

The Directors have access to the Company's records and information and receive detailed financial and operational reports from the senior management of the Group. Prior to each Board meeting, the Board is provided with sufficient and relevant information regarding to the matters to be discussed in the Board meeting for decision making purposes. Should Directors, whether as a group or individually, need independence advice in the furtherance of their duties, the cost of such professional advice will be borne by the Company.

The Directors are also given separate and independent access to the Company Secretaries. The Company Secretaries attend all Board and Committees meetings and are responsible for ensuring that proper procedures at such meetings are followed. The main responsibility of the Company Secretaries is to ensure that the Company complies with the requirements of the applicable Companies Act, Hong Kong Companies Ordinance, the Listing Manual of the SGX-ST and Hong Kong Listing Rules. The appointment and removal of the Company Secretaries are subject to the Board's approval. When necessary, legal advice will be sought, at the expense of the Company.

The Directors are regularly updated and kept informed of the new developments to the applicable rules and regulations in the industry where the Group operates as well as changes in the listing and financial reporting rules to ensure compliance.

Remuneration Matters

Procedures for developing remuneration policies, level and mix of remuneration and disclosure on remuneration

The RC, regulated by a set of written terms of reference, currently comprises six members, a majority of whom are Independent Non-executive Directors including its Chairman, as follows:

Chairman:	Mr. Guo Yanjun
Members:	Mr. Chan Kam Loon Mr. Lo Hang Fong Mr. Tham Wan Loong, Jerome Mr. David Lim Teck Leong Mr. Wang Shih Zen

The principal functions of the RC are to:

1. review and to recommend to the Board, a framework of remuneration for the Directors and senior Management, in the areas of remuneration, including but not limited to fees, salaries, allowances, bonuses, options and all other benefits in-kind;

2. review and determine the specific remuneration packages for each executive Directors and senior Management;

3. review and recommend to the Board the terms of renewal of Executive Director's service agreements;

4. ensure adequacy in the disclosure of Directors' remuneration; and

5. carry out such other duties as may be agreed by the RC and the Board.

A. Details of the Directors' remuneration paid or payable in FY2010 are set out below:

Name	Fees	Salaries	Total
Wang Shih Zen	–	100%	Band A
Wang Tao	–	100%	Band A
Lu Shangmin	–	100%	Band A
David Lim Teck Leong	100%	–	Band A
Chan Kam Loon	100%	–	Band A
Guo Yanjun	100%	–	Band A
Lo Hang Fong	100%	–	Band A

Band A: Below S$250,000

B. The remuneration of the top 2 executives, who are not Directors of the Company, fall within the remuneration band of S$250,000.

C. There was no employee who is an immediate family member of a Director or the CEO whose remuneration has exceeded S$150,000 for FY2010.

Both Non-executive Director and Independent Non-executive Directors receive Directors' fees, in accordance with their contributions, taking into consideration their effort, time spent and responsibilities. The service agreement of the Executive Director is for a period of three years and the contract can be terminated by giving the other party not less than three months notice or three months' salary in lieu of notice. Details of the Executive Directors' service agreements are set out on page 39 of the Report of the Directors. Directors' fees are subject to approval at the forthcoming AGM of the Company.

In deriving and approving appropriate remuneration packages, the RC is mindful of factors such as employment conditions within the industry, job scopes and responsibilities of the individuals and the need to link reward to performance. External professional advice may be sought by the RC, when required. The original Employee Share Option Scheme was terminated before the listing of the Company's shares in Hong Kong and another new Employee Share Option Scheme (the "SOS") was put in place for incentive purposes and approved by the shareholders in a special general meeting held on 11 February 2010. Details of the SOS are set out in note 36(a) to the financial statements.

The RC had recommended to the Board an amount of up to S$208,000 as Directors' fees for the financial year ending 31 March 2011, payable quarterly in arrears. These recommendations have been endorsed by the Board and will be tabled at the forthcoming AGM.

No Director was involved in determining his/her own remuneration.

Accountability and Audit

Accountability

The Board provides shareholders with a detailed and balanced explanation of the Group's performance, position and prospect in the quarterly and annual results announcements and annual report of the Group. Currently, all the financial information presented in the results announcements and annual report had been prepared in accordance with the International Financial Reporting Standards reviewed by the AC and approved by the Board before release to the SGX-ST, HKSE and the public via SGXNET and the website of HKSE.

Pursuant to its listing in Hong Kong, the Company is required to provide an interim report with effect from its financial year commencing 1 April 2010, which will be prepared in accordance with International Accounting Standard 34 and released in the same manner as above.

Audit committee

The AC was set up in September 2007 and currently comprises five members. Its duties and responsibilities are guided by the written terms of reference. A majority of the current members of the AC, including its Chairman are Independent Non-executive Directors are as follows:

Chairman:	Mr. Chan Kam Loon
Members:	Mr. Guo Yanjun Mr. Lo Hang Fong Mr. Tham Wan Loong, Jerome Mr. David Lim Teck Leong

The principal functions of the AC are to:

1. review the audit plans and results of the external auditor's findings and evaluate the internal controls on the Group's critical business processes and any matters which the external auditor wish to discuss (in the absence of Management, where necessary);

2. review the financial statements of the Company and the consolidated financial statements of the Group before submission to the Board of the Company and the external auditor's report on those financial statements;

3. review the assistance given by Management to the Group's external auditor;

4. evaluate the cost effectiveness, independence and objectivity of the external auditor and the nature and extent of the non-audit services provided by them;

5. make recommendation to the Board on the appointment, re-appointment and remuneration of the external auditor of the Company;

6. evaluate the adequacy of the internal financial controls, operational and compliance controls and risk management policies and systems;

7. review interested person transactions and connected transactions to ensure that they are on normal commercial terms and not prejudicial to the interests of the Company or its shareholders;

8. review potential conflicts of interest, if any;

9. undertake such other reviews and projects as may be requested by the Board and will report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

10. to generally undertake such other functions and duties as may be required by statute or the Listing Manual of the SGX-ST and Hong Kong Listing Rules, or by such amendments as may be made thereto from time to time.

The Board is of the view that the members of the AC are appropriately qualified, having the necessary accounting or related financial management expertise as the Board interprets such qualification to discharge their responsibilities.

The Group had adopted a 'Whistle Blowing' policy and programme where its staff may, in confidence, raise concerns about possible fraudulent activities, malpractices or improprieties in matters of financial reporting or other matters in a responsible and effective manner. Arrangements for independent investigations of such matters and appropriate follow up actions were also provided for in the 'Whistle Blowing' policy and programme. There were no reports of whistle blowing received in FY2010.

The AC has full access to and co-operation from the Management and full discretion to invite any director or executive officer to attend its meetings, and has been given resources to enable the AC to discharge its functions properly. The external auditor have unrestricted access to the AC.

For FY2010, the AC has:

(i) met with the external auditor without the presence of Management to discuss their findings set out in their reports to the AC in relation to internal controls and annual audit results findings summary of the Group;

(ii) conducted a review of all non-audit services provided by the external auditor. The AC is of the opinion that such services would not affect the independence of the auditor; and

(iii) recommended the re-appointment of the Company's auditor, RSM Nelson Wheeler to the Board at the forthcoming AGM of the Company.

Total fees of approximately US$237,000 were paid to RSM Nelson Wheeler during the year for their non-audit services in relation to the initial public offering in Hong Kong and tax services rendered to the Group.

Internal controls and internal audit

The Group currently does not have an internal audit function. During FY2009, an independent risk consulting firm, was appointed to carry out internal control review on the Group's critical business processes. Certain improvements on the Group's critical business processes were suggested by the consulting firm and the AC was apprised of the findings. In the current year, the Company's auditor, RSM Nelson Wheeler, carried out certain internal control review on the Group's critical business process as a normal audit procedure during their annual audit. Certain improvements on the Group's critical business processes were suggested by the Company's external auditor and the findings were communicated to the AC. Should the need for an internal audit function arises, the Group will establish an internal audit department to review the effectiveness of the Group's internal controls. The Group will be outsourcing its internal audit function for the year ending 31 March 2011 as suggested by the AC.

Communication with Shareholders

The Company is mindful of the need to keep shareholders, investors and the public informed of all major developments that affect the Group pursuant to the Listing Manual of the SGX-ST and Hong Kong Listing Rules and to release such information in a timely manner. All necessary disclosures are released through the SGXNET and website of HKSE for market dissemination.

The Company's shareholders' meeting (including the AGM) is the main channel for direct communication between the shareholders and the Directors. As such, shareholders are encouraged to participate in shareholders' meetings to voice their views and seek clarification on issues relating to the business agenda as outlined in the notice. If any shareholder is unable to attend the shareholders' meetings, he or she or they (in case of a corporation) is/are allowed to appoint up to two proxies to vote on his/her/their behalf at the meeting through proxy forms, which are sent together with the annual report or circulars (as the case may be). The duly completed proxy form is required to be submitted forty-eight hours before the shareholders' meeting at the Company's registered office or share transfer agent's office. At shareholders' meeting, each distinct issue is proposed as a separate resolution. The Board (including the Chairman of the Board and respective Board Committees), management and relevant professional parties involved are normally available at the Company's shareholders' meeting to address any question or concern that shareholders may have.

Dealings in Securities

The Group had adopted a policy for dealings in securities of the Company by the Directors and officers. All Directors and officers of the Company and of the Group are not allowed to deal in the Company's shares while in possession of unpublished material price-sensitive information, and during the period commencing from 30 days and 60 days before the announcement of the Company's quarterly and full-year results respectively and ending on the date of the announcement of the respective results. All Directors and officers confirmed that they had complied with the required standards as set out in the Model Code for Securities Transaction by Directors of Listed Issuers and Code of Best Practices on Securities Transactions By the Company and its Officers issued by the HKSE and the SGX-ST in FY2010.

Interested person transactions ("IPTs") and connected transactions ("CTs")

The Company had established a guideline to ensure that all transactions with interested persons and connected persons are properly identified by the senior Management of the Company and the Board, and subsequently reported to the AC at its quarterly meeting. Measures are taken to ensure that terms and conditions of interested person transactions and connected transactions are not more favorable than those granted to non-related persons under similar circumstances.

Save as disclosed in note 41 to the financial statements, there were no material IPTs and CTs and shareholders' mandate adopted during FY2010.

Material contracts

Save for the following:

(i) service agreements entered into between the Company and the Executive Directors;

(ii) legal services provided by Messrs David Lim & Partners, a law firm in Singapore of which one of the Company's Directors, Mr. David Lim Teck Leong, is a partner; and

(iii) as disclosed in note 41 to the financial statements;

there were no material contracts of the Group involving the interests of the executive officers, Directors or its controlling shareholders during FY2010.

Risk management

The Company has adopted a Risk Management Policy during the year under review. Details of the financial risk management are set out in note 5 to the financial statements.

Use of proceeds from the initial public offering in Singapore

Uses	Proceeds allocated *US$'000*	Amounts deployed as of 31 March 2010 *US$'000*	Balance to be deployed *US$'000*
Purchase of hardware for research and development of 3G handsets	3,000	(3,000)	–
Acquisition of license and software for research and development of 3G handset solutions	1,500	(130)	1,370
Purchase of hardware and software to enhance product development capabilities	1,000	(1,000)	–
Working capital for Tongqing production plant	7,500	(7,500)	–
For general working capital purpose	4,654	(4,654)	–
Total	17,654	(16,284)	1,370

Use of proceeds from the placement in Singapore

The proceeds from the placement of 20,000,000 ordinary shares amounted to US$1,807,508 was fully used for general working capital purpose as of 31 March 2010.

Use of proceeds from the initial public offering in Hong Kong

Details of the use of proceeds from the initial public offering in Hong Kong are set out on page 36 of the Report of the Directors.

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2010.

Principal activities

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 19 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year. During the year, the Company disposed of State Tech International Limited and its subsidiary, engaging in one of its Group's distribution and marketing operations, in June 2009.

Results and dividends

The Group's profit for the year ended 31 March 2010 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 46 to 50.

The directors did not recommend any dividend for the year ended 31 March 2010.

Use of proceeds from the Company's initial public offering in Hong Kong

The proceeds from the Company's issue of new shares at the time of its listing on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange" or "HKSE") in February 2010, after deduction of related issuance expenses, amounted to approximately US$16,696,000. These proceeds were fully applied during the year ended 31 March 2010 in accordance with the proposed applications set out in the Company's listing prospectus dated 12 February 2010, as follows:

Uses	Proceeds allocated *US$'000*	Amounts deployed as of 31 March 2010 *US$'000*	Balance to be deployed *US$'000*
Recruit additional professionals to join research and development team and improve research and development team's equipment	1,519	–	1,519
Invest in research on the application and solutions of 3G technologies and operating platform of mobile handset	6,762	–	6,762
Strengthen the brand awareness of "VIM" or in Chinese "偉恩" in the mobile handset market in the PRC	6,762	–	6,762
For working capital and other general corporate purpose	1,653	(1,653)	–
Total	16,696	(1,653)	15,043

Summary financial information

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 108. This summary does not form part of the audited financial statements.

Property, plant and equipment

Details of movements in the property, plant and equipment of the Group are set out in note 16 to the financial statements.

Share capital

Details of movements in the Company's share capital are set out in note 34 to the financial statements.

Pre-emptive rights

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Purchase, redemption or sale of listed securities of the Company

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

Reserves

Details of movements in the reserves of the Company and the Group are set out in note 35 to the financial statements and in the consolidated statement of changes in equity, respectively.

Distributable reserves

As at 31 March 2010, the Company had no reserves available for distribution.

Major customers and suppliers

In the year under review, sales to the Group's five largest customers accounted for approximately 63.39% of the total sales for the year and sales to the largest customer included therein amounted to approximately 17.35%. Purchases from the Group's five largest suppliers accounted for approximately 73.70% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 28.08%.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

Directors

The directors of the Company during the year were:

Executive directors:

Mr. Wang Shih Zen
Ms. Wang Tao
Mr. Lu Shangmin

Non-executive director:

Mr. David Lim Teck Leong (re-designated from independent non-executive director on 3 February 2010)

Independent non-executive directors:

Mr. Chan Kam Loon
Mr. Guo Yanjun
Mr. Lo Hang Fong (appointed on 3 February 2010)

Subsequent to the end of the reporting period, on 3 May 2010, Mr.Tham Wan Loong, Jerome was appointed as an independent non-executive director of the Company.

In accordance with Bye-law 85(6) of the Company's Bye-laws, Mr. Lo Hang Fong and Mr. Tham Wan Loong, Jerome, directors appointed by the Board will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from each of its independent non-executive directors (except for Mr. Tham Wan Loong, Jerome as his appointment was made in May 2010) and considers them to be independent under Rule 3.13 of the Rules Governing the Listing of Securities on the HKSE (the "Hong Kong Listing Rules") and the Code of Corporate Governance 2005 issued by the Council Corporate Disclosure and Governance, Singapore.

Directors' and senior management's profiles

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 17 to 19 of the annual report.

Directors' service agreement

Both Mr. Wang Shih Zen and Ms. Wang Tao have service agreements with the Company for a term of three years which commenced on 24 September 2007, reappointed for successive three year at the sole and absolute discretion of the Board upon the date of expiry of the first three-year period, unless terminated in accordance with the provisions of the service agreement by either party giving to the other not less than three months' prior notice in writing at the end of the initial term or at any time thereafter.

Mr. Lu Shangmin has a service agreement with the Company for a term of three years which commenced on 3 March 2009 and the terms of which are the same as the one mentioned above.

Apart from the foregoing, no director proposed for re-election at the forthcoming annual general meeting has a service agreement with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' remuneration

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

Directors' interests in contracts

Save as disclosed in note 41 to the financial statements, none of the directors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the year.

Directors' interests and short positions in shares and underlying shares and debentures

At 31 March 2010, the interests and short positions of the directors in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long positions in ordinary shares of the Company:

		Number of shares held, capacity and nature of interest			
Name of director	*Note*	Directly beneficially owned	Through controlled corporation	Total	Percentage of the Company's issued share capital
Mr. Wang Shih Zen	*(a)*	–	168,110,250	168,110,250	28.23
Ms. Wang Tao		91,206,500	–	91,206,500	15.31
Mr. Lu Shangmin		5,300,000	–	5,300,000	0.89

Note:

(a) The 168,110,250 shares of the Company are held by Wise Premium Limited, a company beneficially owned by Mr. Wang Shih Zen.

In accordance with the Bye-laws of the Company, each of the directors is required to have registered in his name at least one qualification share. All directors of the Company have complied with this requirement.

Save as disclosed above, as at 31 March 2010, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company, the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

There was no change in any of the abovementioned interests between the end of the financial year and 21 April 2010. Saved as disclosed above, none of the Directors has any direct or deemed direct interests in the share capital and debentures of the Company.

Directors' rights to acquire shares or debentures

Save as disclosed in the section "Directors' interests and short positions in shares and underlying shares and debentures" above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Share option scheme

The Company operates a share option scheme (the "SOS") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Further details of the SOS are disclosed in note 36(a) to the financial statements.

Other substantial shareholders' and other persons' interests in shares and underlying shares

At 31 March 2010, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name	*Notes*	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Wise Premium Limited	*(a)*	Directly beneficially owned	168,110,250	28.23
Kang Ling Hoi	*(b)*	Deemed interest	168,110,250	28.23

Notes:

(a) The ordinary shares are held by Wise Premium Limited, which is legally and beneficially owned by Mr. Wang Shih Zen.

(b) Ms. Kang Ling Hoi is deemed to be interested in the shares held by Mr. Wang Shih Zen as spouse.

Save as disclosed above, as at 31 March 2010, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares and debentures" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Interested person transactions, connected transactions and continuing connected transactions

Save as disclosed in note 41 to the financial statements, there were no material interested person transactions (as defined under the Listing Manual (the "Listing Manual of the SGX-ST") of the Singapore Exchange Securities Trading Limited (the "SGX-ST")), connected transactions and continuing connected transactions (as defined under the Hong Kong Listing Rules) during the year under review.

Directors' interest in competing business

During the year and up to the date of this report, none of the Directors who are considered to have interests in a business that competes or is likely to compete, either directly or indirectly, with the businesses of the Group other than those businesses where the Directors have been appointed or were appointed as Directors to represent the interests of the Company and/or the Group.

Sufficiency of public float

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 10% and 25% of the Company's total issued share capital was held by the public as at the date of this report, being the latest practical date prior to the date of this report, according to the Listing Manual of the SGX-ST and Hong Kong Listing Rules respectively.

Corporate governance

The Company is committed to maintaining a high standard of corporate governance and has applied the principles and guidelines of the Code of Corporate Governance 2005 issued by the Council Corporate Disclosure and Governance, Singapore and the Code on Corporate Governance Practices contained in Appendix 14 of the Hong Kong Listing Rules. Details are set out in the Corporate Governance Report on page 20 to 34.

Events after the reporting period

Save as disclosed elsewhere in the financial statements, up to the date of this report, there were no significant events after the reporting period.

Auditor

RSM Nelson Wheeler retires and a resolution for the reappointment as the auditor of the Company will be proposed at the forthcoming annual general meeting.

RSM Nelson Wheeler and Foo Kon Tan Grant Thornton LLP (formerly known as "Foo Kon Tan Grant Thornton") were the joint auditors of the Company for the year ended 31 March 2009. Foo Kon Tan Grant Thornton resigned as one of the joint auditors of the Company and RSM Nelson Wheeler was appointed as the sole auditor of the Company and was approved by the shareholders in the annual general meeting held on 30 July 2009. Other than the above arrangement, there have been no other changes of auditors in the past three years. A resolution for the reappointment of RSM Nelson Wheeler as the auditor of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Chairman

Hong Kong
25 June 2010

TO THE SHAREHOLDERS OF
Z-OBEE HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Z-Obee Holdings Limited (the "Company") set out on pages 46 to 107, which comprise the consolidated and Company statements of financial position as at 31 March 2010, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance. 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 as to 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 consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2010 and of the Group's results and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong
Partner-in-charge
Wong Poh Weng

25 June 2010

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2010

	Note	2010 US$	2009 US$
Revenue	6	139,454,026	103,623,852
Cost of goods sold		(127,815,252)	(95,116,448)
Gross profit		11,638,774	8,507,404
Other income	7	922,361	1,256,790
Selling and distribution costs		(45,089)	(47,291)
Administrative expenses		(4,704,555)	(5,103,964)
Profit from operations		7,811,491	4,612,939
Finance costs	9	(509,718)	(543,701)
Share of profit of a jointly controlled entity		–	434,886
Profit before tax		7,301,773	4,504,124
Income tax expense	11	(2,100,210)	(593,608)
Profit for the year	12	5,201,563	3,910,516
Attributable to:			
Owners of the Company		5,201,563	3,959,401
Minority interests		–	(48,885)
		5,201,563	3,910,516
Earnings per share			
Basic (US cents)	15	1.01	0.80

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2010

	Note	2010 US$	2009 US$
Profit for the year		5,201,563	3,910,516
Other comprehensive income:			
Reclassification adjustments arising from release of foreign currency translation reserve directly associated with:			
– Disposal of disposal group classified as held for sale	37(a)	64,366	–
– Disposal of a jointly controlled entity classified as held for sale		(340,000)	–
Exchange differences on translating foreign operations		–	502,617
Other comprehensive income for the year, net of tax		(275,634)	502,617
Total comprehensive income for the year		4,925,929	4,413,133
Attributable to:			
Owners of the Company		4,925,929	4,462,018
Minority interests		–	(48,885)
		4,925,929	4,413,133

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	Note	2010 US$	2009 US$
Non-current assets			
Property, plant and equipment	16	8,253,504	7,845,441
Intangible assets	17	1,852,640	83,673
Goodwill	18	1,480,086	1,480,086
Financial asset at fair value through profit or loss	20	642,673	–
Available-for-sale financial asset	21	2,178,663	2,178,663
		14,407,566	11,587,863
Current assets			
Inventories	22	6,579,607	3,594,946
Trade receivables	23	32,463,514	19,086,865
Prepayments, deposits and other receivables	24	13,911,240	3,620,978
Derivative financial instruments	25	226,000	285,831
Assets of disposal group classified as held for sale	37(a)	–	1,726,321
Jointly controlled entity classified as held for sale		–	3,005,224
Restricted bank balances	26	3,727,328	6,299,692
Bank and cash balances	26	38,105,871	28,186,543
		95,013,560	65,806,400
Current liabilities			
Trade and bills payables	27	11,582,526	3,305,326
Accruals and other payables	28	1,902,982	2,678,755
Bank loans	29	4,983,421	4,638,218
Other loans	30	435,733	–
Trust receipt loans	31	7,753,752	8,172,422
Finance lease payables	32	1,232,325	1,178,969
Current tax liabilities		1,988,515	346,120
Liabilities directly associated with disposal group classified as held for sale	37(a)	–	1,268,600
		29,879,254	21,588,410
Net current assets		65,134,306	44,217,990
Total assets less current liabilities		79,541,872	55,805,853

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	Note	2010 US$	2009 US$
Non-current liabilities			
Bank loans	29	1,538,561	–
Finance lease payables	32	636,521	1,868,795
		2,175,082	1,868,795
NET ASSETS		77,366,790	53,937,058
Capital and reserves			
Share capital	34	4,764,590	3,980,590
Reserves	35	72,602,200	49,956,468
TOTAL EQUITY		77,366,790	53,937,058

STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	Note	2010 US$	2009 US$
Non-current assets			
Investment in a subsidiary	19	2,570,694	2,570,694
Current assets			
Due from subsidiaries	19	41,377,779	29,688,113
Prepayments, deposits and other receivables	24	22,211	–
Bank and cash balances	26	5,915,416	34,892
		47,315,406	29,723,005
Current liabilities			
Due to a subsidiary	19	124,685	–
Accruals and other payables	28	404,986	462,777
		529,671	462,777
Net current assets		46,785,735	29,260,228
NET ASSETS		49,356,429	31,830,922
Capital and reserves			
Share capital	34	4,764,590	3,980,590
Reserves	35	44,591,839	27,850,332
TOTAL EQUITY		49,356,429	31,830,922

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2010

	Attributable to owners of the Company							
	Share capital US$	Share premium US$ (Note 35(c)(i))	Foreign currency translation reserve US$ (Note 35(c)(ii))	Reserve funds US$ (Note 35(c)(iii))	Retained profits US$	Total US$	Minority interests US$	Total equity US$
At 1 April 2008	3,980,590	28,254,965	1,325,480	342,464	17,611,593	51,515,092	93,247	51,608,339
Total comprehensive income for the year	–	–	502,617	–	3,959,401	4,462,018	(48,885)	4,413,133
Acquisition of minority interests in a subsidiary	–	–	–	–	–	–	(44,362)	(44,362)
Transfer to reserve funds	–	–	–	1,233,698	(1,233,698)	–	–	–
Dividends paid	–	–	–	–	(2,040,052)	(2,040,052)	–	(2,040,052)
Changes in equity for the year	–	–	502,617	1,233,698	685,651	2,421,966	(93,247)	2,328,719
At 31 March 2009 and 1 April 2009	3,980,590	28,254,965	1,828,097	1,576,162	18,297,244	53,937,058	–	53,937,058
Total comprehensive income for the year	–	–	(275,634)	–	5,201,563	4,925,929	–	4,925,929
Issue of shares through placement	160,000	1,647,508	–	–	–	1,807,508	–	1,807,508
Issue of shares through placing and public offer	624,000	16,072,295	–	–	–	16,696,295	–	16,696,295
Transfer of reserve funds directly associated with disposal of a jointly controlled entity classified as held for sale	–	–	–	(598,100)	598,100	–	–	–
Transfer to reserve funds	–	–	–	534,287	(534,287)	–	–	–
Changes in equity for the year	784,000	17,719,803	(275,634)	(63,813)	5,265,376	23,429,732	–	23,429,732
At 31 March 2010	4,764,590	45,974,768	1,552,463	1,512,349	23,562,620	77,366,790	–	77,366,790

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2010

	2010 US$	2009 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	7,301,773	4,504,124
Adjustments for:		
Finance costs	509,718	543,701
Share of profit of a jointly controlled entity	–	(434,886)
Interest income	(346,164)	(178,480)
Impairment of trade receivables	–	844,667
Impairment of assets of disposal group classified as held for sale	–	447,397
Fair value losses/(gains) on derivative financial instruments, net	59,831	(330,831)
Depreciation of property, plant and equipment	1,187,955	1,081,979
Amortisation of intangible assets	864,411	496,128
Loss on disposal of property, plant and equipment	27,379	6,930
Loss on disposal of disposal group classified as held for sale	64,366	–
Loss on disposal of a jointly controlled entity classified as held for sale	310,977	–
Operating profit before working capital changes	9,980,246	6,980,729
(Increase)/decrease in inventories	(2,984,661)	2,888,311
(Increase)/decrease in trade receivables	(13,376,649)	2,654,228
Increase in prepayments, deposits and other receivables	(7,772,699)	(2,313,045)
Increase/(decrease) in trade and bills payables	8,277,200	(6,393,395)
(Decrease)/increase in accruals and other payables	(468,236)	1,163,304
Cash (used in)/generated from operations	(6,344,799)	4,980,132
Interest on bank loans	(377,340)	(330,672)
Finance lease charges paid	(113,390)	(177,920)
Other finance costs	(6,988)	(27,109)
Income tax paid, net	(457,815)	(326,836)
Net cash (used in)/generated from operating activities	(7,300,332)	4,117,595

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2010

	Note	2010 US$	2009 US$
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		346,164	178,480
Purchases of property, plant and equipment		(1,623,397)	(317,268)
Deposits paid for purchases of property, plant and equipment	39(a)	(183,416)	–
Purchases of intangible assets	37(b)	(133,378)	(5,674)
Purchase of financial asset at fair value through profit or loss		(642,673)	–
Deposit paid for purchase of financial asset at fair value through profit or loss	39(b)	(4,332,390)	–
Proceeds from disposal of disposal group classified as held for sale		457,721	–
Proceeds from disposal of a jointly controlled entity classified as held for sale		647,659	–
Dividends received from a jointly controlled entity classified as held for sale		885,294	–
Acquisition of minority interests in a subsidiary		–	(305,014)
Proceed from disposal of property, plant and equipment		–	2,774
Repayment from a jointly controlled entity		–	726,221
Decrease/(increase) in time deposits		20,499	(15,706,874)
Decrease/(increase) in restricted bank balances		2,572,364	(3,288,697)
Net cash used in investing activities		(1,985,553)	(18,716,052)
CASH FLOWS FROM FINANCING ACTIVITIES			
Bank loans raised		7,387,263	12,135,139
Other loans raised		435,733	–
Repayment of bank loans		(5,503,499)	(8,766,317)
Repayment of finance lease payables		(1,178,918)	(1,121,606)
(Decrease)/increase in trust receipt loans		(418,670)	6,396,593
Dividends paid		–	(2,040,052)
Net proceeds from issue of shares through placement		1,807,508	–
Net proceeds from issue of shares through placing and public offer		16,696,295	–
Net cash generated from financing activities		19,225,712	6,603,757
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		9,939,827	(7,994,700)
Effect of foreign exchange rate changes		–	63,361
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		12,479,669	20,411,008
CASH AND CASH EQUIVALENTS AT END OF YEAR		22,419,496	12,479,669
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances	26	22,419,496	12,479,669

1. General Information

The Company (Registration No. 39519) was incorporated in Bermuda on 30 January 2007 under the Companies Act 1981 of Bermuda as an exempted company with limited liability. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. Its principal place of business is located at Room 401, Building 14, West Park of Software Park Hi-Tech Park, Second Road Nanshan, Shenzhen, the People's Republic of China (the "PRC"). The Company's shares have been listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the Main Board of The Stock Exchange of Hong Kong Limited (the "HKSE") since 21 November 2007 and 1 March 2010, respectively.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 19 to the financial statements.

2. Adoption of New and Revised International Financial Reporting Standards

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

(a) Presentation of Financial Statements

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

2. Adoption of New and Revised International Financial Reporting Standards *(continued)*

(b) Operating Segments

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

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

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

3. Significant Accounting Policies

These financial statements have been prepared in accordance with IFRSs and the applicable disclosures required by the Listing Manual of the SGX-ST, the Rules Governing the Listing of Securities on HKSE and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial asset at fair value through profit or loss and derivative financial instruments, 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.

3. Significant Accounting Policies *(continued)*

(a) Consolidation

The consolidated financial statements include the financial statements of the Group 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.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any remaining goodwill relating to the subsidiary and also any related accumulated foreign currency translation reserve.

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

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

In the Company's statement of financial position the investment in a subsidiary is stated at cost less allowance for impairment losses. The result of the subsidiary is accounted for by the Company on the basis of dividends received and receivable.

3. Significant Accounting Policies *(continued)*

(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 or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured 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 that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The interests of minority shareholders in the subsidiary are 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) Joint venture

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over the economic activity when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the "venturers").

A jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investment in a jointly controlled entity is accounted for in the consolidated financial statements by the equity method of accounting and is initially recognised at cost. Identifiable assets, liabilities and contingent liabilities of the jointly controlled entity in an acquisition are measured at their fair values at the acquisition date.

3. Significant Accounting Policies *(continued)*

(c) Joint venture *(continued)*

The Group's share of the jointly controlled entity's post-acquisition profits or losses is recognised in the consolidated income statement, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a jointly controlled entity equals or exceeds its interest in the jointly controlled entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity. If the jointly controlled entity subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of a jointly controlled entity represents the difference between the proceeds of the sale and the Group's share of its carrying amount together with any remaining goodwill relating to the jointly controlled entity and also any related accumulated foreign currency translation reserve.

Unrealised profits on transactions between the Group and its jointly controlled entity are eliminated to the extent of the Group's interests in the jointly controlled entity. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the jointly controlled entity have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) 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 United States dollar ("US$"), which is the Company's functional and presentation currency.

(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 exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are included in the consolidated income statement.

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

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

3. Significant Accounting Policies *(continued)*

(d) Foreign currency translation *(continued)*

(iii) Translation on consolidation

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

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

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

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

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency 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.

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

(e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in the consolidated 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 annual rates are as follows:

Plant and machinery	10%
Furniture, fixtures, equipment and motor vehicles	20% – 25%
Leasehold improvements	20% – 25%

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

For acquisition and disposal during the year, depreciation is provided from the month of acquisition and the month before disposal. Fully depreciated property, plant and equipment are retained in the book of accounts until they are no longer in use.

3. Significant Accounting Policies *(continued)*

(e) Property, plant and equipment *(continued)*

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 consolidated income statement.

(f) Leases

(i) Operating leases

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

(ii) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the statement of financial position as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each reporting period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets.

(g) Research and development expenditure

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

(h) Computer software sublicense, license and CDMA software solutions

Computer software sublicense, license and CDMA software solutions are measured initially at purchase costs and are amortised on a straight-line basis over their estimated useful lives of three years less impairment losses.

3. Significant Accounting Policies *(continued)*

(i) Jointly controlled entity and disposal group classified as held for sale

Jointly controlled entity and disposal group are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the jointly controlled entity and disposal group is available for immediate sale in their present conditions. The Group must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Jointly controlled entity and disposal group classified as held for sale are measured at the lower of the interest in jointly controlled entity's and disposal group's previous carrying amount and fair value less costs to sell.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. Cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(k) Recognition and derecognition of financial instruments

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

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

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

3. Significant Accounting Policies *(continued)*

(l) 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 consolidated income statement.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets not classified as trade and other receivables, held-to-maturity investments 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 consolidated income statement.

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

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of each reporting period subsequent to initial recognition. An impairment loss is recognised in consolidated income statement where there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

3. Significant Accounting Policies *(continued)*

(m) 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 consolidated income statement.

Impairment losses are reversed in subsequent periods and recognised in the consolidated 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.

(n) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value.

(o) 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 in note 3(p) to 3(s) below.

(p) 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 end of each reporting period.

3. Significant Accounting Policies *(continued)*

(q) Financial guarantees

The Company has issued several guarantees to several banks for banking facilities granted to its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their facilities.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's statement of financial position.

Financial guarantees are subsequently amortised to the consolidated income statement over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse a bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Company's statement of financial position.

(r) 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.

(s) Equity instruments

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

(t) Derivative financial instruments

Derivatives are initially recognised at fair value on the contract date and are subsequently measured at fair value.

Changes in the fair value of derivatives are recognised in the consolidated income statement as they arise.

The fair value of foreign exchange forward contracts and interest rate swap contracts are determined using prevailing market rates at the end of reporting period.

(u) Dividend

Final dividends proposed by the directors are not accounted for in owners' equity as an appropriation of retained profits, until they have been approved by the owners in a general meeting. When these dividends have been approved by the owners and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because of the Bye-laws of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

3. Significant Accounting Policies *(continued)*

(v) 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 distribution and marketing of mobile handset and mobile handset components and assembly of mobile handset and surface mounting technology of printed circuit board are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Revenue from provision of design and production solution services for mobile handset is recognised on the following basis:

(i) the customer has accepted the solution packages together with significant risks and rewards of ownership in relation to provision of certain mobile handset solutions other than stated in (ii) below; or

(ii) by reference to the stage of completion, as measured by reference to services performed to date as a percentage of total services to be performed in relation to design and prescribed services as agreed with customers to be rendered in different phases.

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

(w) Employee benefits

(i) Employee leave entitlements

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

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

(ii) 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 consolidated income statement represents contributions payable by the Group to the funds.

(iii) Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of that entity.

3. Significant Accounting Policies *(continued)*

(x) Borrowing costs

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

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

All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

(y) 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 consolidated 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 not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. Significant Accounting Policies *(continued)*

(y) Taxation *(continued)*

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in the consolidated income statement, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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

(z) 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);

3. Significant Accounting Policies *(continued)*

(z) Related parties *(continued)*

(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.

(aa) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except goodwill, available-for-sale financial asset, financial asset at fair value through profit or loss, derivative financial instruments, inventories, receivables and assets of disposal group and jointly controlled entity classified as held for sale 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 ("CGU") 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 is discounted to its 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 CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated 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 CGU 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 CGU in prior years. A reversal of an impairment loss is recognised immediately in the consolidated income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3. Significant Accounting Policies *(continued)*

(ab) Provisions and contingent liabilities

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

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

(ac) Events after the reporting period

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

4. Critical Judgements and Key Estimates

Key sources of estimation uncertainty

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

(a) Property, plant and equipment and depreciation

The Group determines the estimated useful lives 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.

4. Critical Judgements and Key Estimates *(continued)*

(b) Impairment of property, plant and equipment

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

(c) Intangible assets and amortisation

The Group determines the estimated useful lives and related amortisation for the Group's intangible assets. The useful lives of intangible assets are assessed to be either finite or indefinite, based on the expected usage and technical obsolescence from the changes in the market demands or services output from the assets. Intangible assets with finite useful lives are amortised over the expected useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for the intangible assets with finite useful lives are reviewed by the management at least at the end of each reporting period.

(d) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the CGU to which the goodwill is allocated. Estimating the value in use of the CGU requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 March 2010 was US$1,480,086 (2009: US$1,480,086). Details are set out in note 18 to the financial statements.

(e) Impairment of available-for-sale financial asset

The Group determines whether the unlisted equity investment is impaired at least on an annual basis and based on the financial information available from the unlisted equity investment. Details are set out in note 21 to the financial statements.

(f) Impairment of investment in a subsidiary

Determining whether investment in a subsidiary is impaired requires an estimation of the value-in-use of that investment. The value-in-use calculation requires the Company to estimate the future cash flows expected from the CGUs and an appropriate discount rate in order to calculate the present value of the future cash flows. The Group has evaluated the recoverability of the investment based on such estimates.

4. Critical Judgements and Key Estimates *(continued)*

(g) Impairment of trade and other receivables

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

(h) Allowance for obsolete inventories

The Group makes allowance for obsolete inventories based on an assessment of the utilisation of the inventories. Allowance is applied to inventories where events or changes in circumstances indicate that the inventories may not be utilised. The identification of obsolete inventories requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will have impact on the carrying value of inventories and allowance for obsolete inventories in the reporting period in which such estimate has been changed.

(i) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. Financial Risk Management

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

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of respective subsidiaries. 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.

5. Financial Risk Management *(continued)*

(b) Credit risk

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

The Group has certain exposure to credit risk. It has policies in place to ensure that sales are made to customers with an appropriate credit history.

The credit risk on bank balances and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(c) Liquidity risk

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

The maturity analysis of the Group's financial liabilities based on contractual undiscounted cash flows is as follows:

	Less than 1 year *US$*	Between 1 and 2 years *US$*	Between 2 and 5 years *US$*
At 31 March 2010			
Bank loans	5,093,414	756,918	877,072
Other loans	435,733	–	–
Trust receipt loans	7,786,024	–	–
Finance lease payables	1,292,261	611,448	43,100
Trade and bills payables	11,582,526	–	–
Accruals and other payables	1,902,982	–	–
At 31 March 2009			
Bank loans	4,692,506	–	–
Trust receipt loans	8,219,608	–	–
Finance lease payables	1,292,261	1,292,261	654,497
Trade and bills payables	3,305,326	–	–
Accruals and other payables	2,678,755	–	–

5. Financial Risk Management *(continued)*

(d) Interest rate risk

The Group's exposure to interest rate risk mainly arises from its bank balances, finance lease payables, trust receipt loans and bank loans. Bank balances of US$24,038,743 (2009: US$9,640,980); finance lease payables of US$1,767,519 (2009: US$2,912,661); trust receipt loans of US$7,753,752 (2009: US$4,393,022) bear interest at variable rates varied with the then prevailing market condition. The remaining balances bear interests at fixed interest rates and therefore are subject to fair value interest rate risk.

The Group does not have significant exposure to interest rate risk.

(e) Categories of financial instruments at the end of the reporting period

	2010 *US$*	2009 *US$*
Financial assets:		
Financial assets at fair value through profit or loss	868,673	285,831
Loans and receivables (including cash and cash equivalents)	75,514,637	53,619,015
Available-for-sale financial asset	2,178,663	2,178,663
Financial liabilities:		
Financial liabilities at amortised cost	27,125,778	18,254,163

(f) Fair values

Except as disclosed in note 21 to the financial statements, the carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

Financial assets and liabilities at fair value through profit or loss includes financial asset at fair value through profit or loss and derivative financial instruments. The fair value of the financial asset at fair value through profit or loss is measured by using the fair value quoted by the bank; the fair values of derivative financial instruments are measured by using valuation techniques based on market inputs that are observable for the assets and liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices), other than quoted prices in active markets for identical assets or liabilities.

The total gains or losses recognised in the consolidated income statement including those for assets held at the end of the reporting period.

6. Revenue

	2010 US$	2009 US$
Distribution and marketing of mobile handset and mobile handset components	94,663,732	75,897,585
Provision of design and production solution services for mobile handset	3,658,744	7,289,224
Assembly of mobile handset and surface mounting technology of printed circuit board	41,131,550	20,437,043
	139,454,026	103,623,852

7. Other Income

	2010 US$	2009 US$
Interest income	346,164	178,480
Foreign exchange gains, net	154,736	207,377
Fair value gains on derivative financial instruments, net	412,598	870,933
Sundry income	8,863	–
	922,361	1,256,790

8. Segment Information

The Group has three reportable segments as follows:

Distribution and Marketing	–	distribution and marketing of mobile handset and mobile handset components
Solution	–	provision of design and production solution services for mobile handset
Assembly	–	assembly of mobile handset and surface mounting technology of printed circuit board

The Group's reportable segments are strategic business units that offer different products and services.

The accounting policies of the operating segments are the same as those described in note 3 to the financial statements.

Segment profits and losses do not include the following items:
- Interest income and other income
- Corporate administrative expenses
- Share of profit of a jointly controlled entity
- Finance costs
- Income tax expense

Segment assets do not include the following items:
- Property, plant and equipment for general administrative use
- Financial asset at fair value through profit or loss
- Available-for-sale financial asset
- Prepayments, deposits and other receivables for general administrative use
- Derivative financial instruments
- Jointly controlled entity/assets of disposal group classified as held for sale
- Restricted bank balances
- Bank and cash balances

Segment liabilities do not include the following items:
- Accruals and other payables for general administrative use
- Bank loans
- Other loans
- Trust receipt loans
- Finance lease payables
- Current tax liabilities
- Liabilities directly associated with disposal group classified as held for sale

Segment non-current assets do not include the following items:
- Property, plant and equipment for general administrative use
- Financial asset at fair value through profit or loss
- Available-for-sale financial asset

8. Segment Information *(continued)*

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

	Distribution and Marketing *US$*	Solution *US$*	Assembly *US$*	Consolidated *US$*
Year ended 31 March 2010				
Revenue from external customers	94,663,732	3,658,744	41,131,550	139,454,026
Segment profits	3,425,034	2,706,129	5,309,529	11,440,692
Interest income				346,164
Other income (excluding interest income)				576,197
Corporate administrative expenses				(4,551,562)
Finance costs				(509,718)
Income tax expense				(2,100,210)
Profit for the year				5,201,563
Depreciation and amortisation	833,333	104,866	952,929	1,891,128
Loss on disposal of disposal group classified as held for sale	–	–	–	64,366
Loss on disposal of a jointly controlled entity classified as held for sale	–	–	–	310,977
As at 31 March 2010				
Segment assets	43,200,194	2,404,709	12,019,362	57,624,265
Property, plant and equipment for general administrative use				410,154
Financial asset at fair value through profit or loss				642,673
Available-for-sale financial asset				2,178,663
Prepayments, deposits and other receivables for general administrative use				6,506,172
Derivative financial instruments				226,000
Restricted bank balances				3,727,328
Bank and cash balances				38,105,871
Total assets				109,421,126
Additions to non-current assets	–	2,640,322	1,599,103	4,239,425
Segment liabilities	4,657,107	–	7,390,733	12,047,840
Accruals and other payables for general administrative use				1,437,668
Bank loans				6,521,982
Other loans				435,733
Trust receipt loans				7,753,752
Finance lease payables				1,868,846
Current tax liabilities				1,988,515
Total liabilities				32,054,336

8. Segment Information *(continued)*

	Distribution and Marketing *US$*	Solution *US$*	Assembly *US$*	Consolidated *US$*
Year ended 31 March 2009				
Revenue from external customers	75,897,585	7,289,224	20,437,043	103,623,852
Segment profits	1,497,708	4,652,768	909,426	7,059,902
Interest income				178,480
Other income (excluding interest income)				1,078,310
Corporate administrative expenses				(3,703,753)
Share of profit of a jointly controlled entity				434,886
Finance costs				(543,701)
Income tax expense				(593,608)
Profit for the year				3,910,516
Depreciation and amortisation	–	524,580	915,030	1,439,610
Impairment of trade receivables	–	139,434	705,233	844,667
Impairment of assets of disposal group classified as held for sale	–	–	–	447,397
As at 31 March 2009				
Segment assets	19,971,601	4,055,711	10,691,204	34,718,516
Property, plant and equipment for general administrative use				581,422
Available-for-sale financial asset				2,178,663
Prepayments, deposits and other receivables for general administrative use				412,051
Derivative financial instruments				285,831
Assets of disposal group classified as held for sale				1,726,321
Jointly controlled entity classified as held for sale				3,005,224
Restricted bank balances				6,299,692
Bank and cash balances				28,186,543
Total assets				77,394,263
Additions to non-current assets	–	21,948	79,098	101,046
Segment liabilities	1,769,678	42,725	2,039,319	3,851,722
Accruals and other payables for general administrative use				2,132,359
Bank loans				4,638,218
Trust receipt loans				8,172,422
Finance lease payables				3,047,764
Current tax liabilities				346,120
Liabilities directly associated with disposal group classified as held for sale				1,268,600
Total liabilities				23,457,205

8. Segment Information *(continued)*

Geographical information

	Revenue		Non-current assets	
	2010 US$	2009 US$	2010 US$	2009 US$
The PRC except Hong Kong	110,871,781	88,399,329	11,998,317	11,444,821
Hong Kong	28,582,245	15,224,523	2,409,249	143,042
	139,454,026	103,623,852	14,407,566	11,587,863

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

Revenue from major customers:

For the year ended 31 March 2010, revenue from four major customers contributed to the Group's revenue of US$24,206,056, US$24,045,879, US$15,240,288 and US$14,125,985 respectively were included in both Distribution and Marketing Segment and Assembly Segment.

For the year ended 31 March 2009, revenue from a major customer contributed to the Group's revenue of US$13,327,238 was included in both Distribution and Marketing Segment and Assembly Segment; revenue from another major customer contributed to the Group's revenue of US$15,860,178 was included in both Distribution and Marketing Segment and Solution Segment.

9. Finance Costs

	2010 US$	2009 US$
Interest on bank loans	396,340	341,672
Finance lease charges	106,390	174,920
Others	6,988	27,109
	509,718	543,701

10. Salaries and Employee Benefits (Including Directors' Remuneration)

	Note	2010 *US$*	2009 *US$*
Wages and salaries		2,902,863	3,058,945
Pension costs of defined contribution plans	*(a)*	135,777	229,805
		3,038,640	3,288,750

Note:

(a) 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 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 governments undertake 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.

(b) Directors' and Employees' Emoluments

The emoluments of each director were as follows:

For the year ended 31 March 2010

	Fees *US$*	Salaries and allowances *US$*	Retirement benefits scheme contributions *US$*	Total *US$*
Name of directors				
Wang Shih Zen *(note i)*	1,000	30,848	1,542	33,390
Wang Tao	1,000	13,872	2,301	17,173
Lu Shangmin	1,000	70,734	2,108	73,842
David Lim Teck Leong	27,637	–	–	27,637
Chan Kam Loon	33,165	–	–	33,165
Guo Yanjun	27,637	–	–	27,637
Lo Hang Fong *(note ii)*	3,243	–	–	3,243
	94,682	115,454	5,951	216,087

10. Salaries and Employee Benefits (Including Directors' Remuneration) *(continued)*

(b) Directors' and Employees' Emoluments *(continued)*

For the year ended 31 March 2009

	Fees	Salaries and allowances	Retirement benefits scheme contributions	Total
	US$	*US$*	*US$*	*US$*
Name of directors				
Wang Shih Zen *(note i)*	1,000	30,328	1,542	32,870
Wang Tao	1,000	9,937	2,853	13,790
Lu Shangmin *(note iii)*	–	3,607	128	3,735
Chan Kam Loon	32,135	–	–	32,135
Guo Yanjun	26,422	–	–	26,422
Lim Quee Teck *(note iv)*	6,923	–	–	6,923
David Lim Teck Leong *(note v)*	10,792	–	–	10,792
	78,272	43,872	4,523	126,667

Note:

i) Salaries and allowances of US$46,272 (equivalent to HK$360,000) payable to Mr. Wang Shih Zen was waived without any compensation during the years ended 31 March 2010 and 2009 respectively.

ii) Appointed as an independent non-executive director on 3 February 2010.

iii) Appointed as an executive director on 3 March 2009.

iv) Resigned as an independent non-executive director on 12 September 2008.

v) Appointed as an independent non-executive director on 28 October 2008 and redesignated to a non-executive director on 3 February 2010.

10. Salaries and Employee Benefits (Including Directors' Remuneration) *(continued)*

(b) Directors' and Employees' Emoluments *(continued)*

Details of number of directors in remuneration bands for the years ended 31 March were:

	2010	2009
Below S$250,000 (equivalent to below US$183,449 (2009: Below US$164,070))	7	7

The five highest paid individuals in the Group during the year included 2 (2009: Nil) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining 3 (2009: 5) individuals are set out below:

	2010 *US$*	2009 *US$*
Basic salaries and allowances	211,201	373,842
Discretionary bonuses	–	12,853
Retirement benefits scheme contributions	3,678	7,410
	214,879	394,105

The emoluments fell within the following bands:

	2010	2009
Below HK$1,000,000 (equivalent to below US$128,535)	3	4
HK$1,000,001 to HK$1,500,000 (equivalent to US$128,536 to US$192,802)	–	1

During the year, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group as compensation for loss of office.

11. Income Tax Expense

	2010 US$	2009 US$
Current tax – Hong Kong Profits Tax		
Provision for the year	300,000	170,000
Current tax – PRC Enterprise Income Tax		
Provision for the year	1,425,403	423,608
Under-provision in prior years	374,807	–
	2,100,210	593,608

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

PRC Enterprise Income Tax is calculated at the applicable rates based on estimated taxable income earned by the companies with certain tax preference, based on existing legislation, interpretation and practice in respect thereof.

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

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

	2010 US$	2009 US$
Profit before tax	7,301,773	4,504,124
Tax at the Hong Kong Profits Tax rate of 16.5% (2009: 16.5%)	1,204,793	743,181
Tax effect of share of profit of a jointly controlled entity	–	(71,756)
Tax effect of income that is not taxable	(229,576)	(163,456)
Tax effect of expenses that are not deductible	451,190	311,257
Tax effect of temporary differences not recognised	79,544	56,901
Tax effect of tax losses not recognised	68,229	101,249
Tax effect of tax exemption	–	(25,836)
Under-provision in prior years	374,807	–
Effect of different tax rates of subsidiaries	151,223	(357,932)
Income tax expense	2,100,210	593,608

11. Income Tax Expense *(continued)*

The new PRC Enterprise Income Tax law passed by the Tenth National People's Congress on 16 March 2007 introduced various changes which include the unification of the Enterprise Income Tax rate for domestic and foreign enterprises at 25%. The new tax law has been effective from 1 January 2008. On 26 December 2007, the State Council announced the detailed measures and regulations of the New Law ("Implementation Rules"). The Implementation Rules ratcheted the PRC Enterprise Income Tax rate from 15% to 25% over five years for grandfathering of incentives. The tax rate would be 18%, 20%, 22%, 24% and 25% in 2008, 2009, 2010, 2011 and 2012 respectively.

Under the new PRC Enterprise Income Tax law, from 1 January 2008, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business in the PRC but whose relevant income is not effectively connected with the establishment or a place of business in the PRC, will be subject to withholding tax at the rate of 10% (unless reduced by treaty) on various types of passive income such as dividends derived from sources within the PRC.

According to the notice Caishui 2008 No. 1 released by the Ministry of Finance and the State Administration of Taxation, distributions of the pre-2008 retained profits of a foreign invested enterprise to a foreign investor in 2008 or after are exempted from withholding tax. Accordingly, the retained profits as at 31 December 2007 in the Group's PRC subsidiaries will not be subject to 10% withholding tax on future distributions.

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. No deferred tax liabilities have been recognised in respect of this as the Group considers that as of the date of these financial statements, no such liability will be arisen in the foreseeable future.

12. Profit for the Year

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

	2010 US$	2009 US$
Depreciation of property, plant and equipment [(a)]	1,187,955	1,081,979
Amortisation of intangible assets [(b)]	864,411	496,128
Auditors' remuneration	120,142	134,763
Loss on disposal of property, plant and equipment	27,379	6,930
Loss on disposal of disposal group classified as held for sale	64,366	–
Loss on disposal of a jointly controlled entity classified as held for sale	310,977	–
Directors' remuneration		
– As directors	94,682	78,272
– For management	121,405	48,395
	216,087	126,667
Foreign exchange gains, net	(154,736)	(207,377)
Operating lease charges in respect of land and buildings [(c)]	839,389	885,180
Cost of inventories sold	123,417,540	89,574,713
Research and development expenditure (included in cost of goods sold)	–	987,547
Fair value gains on derivative financial instruments, net	(412,598)	(870,933)
Key management personnel (other than directors) remuneration		
Salaries, bonuses and allowances	186,699	194,577
Retirement benefits scheme contributions	4,435	1,542
	191,134	196,119
Staff costs excluding directors' remuneration and key management personnel remuneration [(d)]		
Salaries, bonuses and allowances	2,506,028	2,742,224
Retirement benefits scheme contributions	125,391	223,740
	2,631,419	2,965,964
Impairment of trade receivables	–	844,667
Impairment of assets of disposal group classified as held for sale	–	447,397

Note:

(a) The amounts included in cost of goods sold during the year amounted to US$904,573 (2009: US$873,091).

(b) The amounts included in cost of goods sold during the year amounted to US$833,333 (2009: Nil).

(c) The amounts included in cost of goods sold during the year amounted to US$406,377 (2009: US$378,877).

(d) The amounts included in cost of goods sold during the year amounted to US$2,006,922 (2009: US$2,264,251).

13. Profit for the Year Attributable to Owners of the Company

The profit for the year attributable to owners of the company included a loss of US$978,296 (2009: profit of US$3,955,453) which has been dealt with in the financial statements of the Company.

14. Dividends

The directors do not recommend the payment of a final dividend for the year ended 31 March 2010 (2009: Nil).

15. Earnings Per Share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of US$5,201,563 (2009: US$3,959,401) and the weighted average number of ordinary shares of 514,428,457 (2009: 497,573,662) shares in issue during the year.

As there were no dilutive potential ordinary shares during the year, no dilution earnings per share is presented.

16. Property, Plant and Equipment

Group

	Plant and machinery US$	Furniture, fixtures, equipment and motor vehicles US$	Leasehold improvements US$	Total US$
Cost				
At 1 April 2008	7,254,644	812,500	882,292	8,949,436
Exchange realignment	197,854	23,177	22,403	243,434
Additions	42,017	444,123	–	486,140
Disposal	–	(11,834)	–	(11,834)
At 31 March 2009 and at 1 April 2009	7,494,515	1,267,966	904,695	9,667,176
Additions	1,586,662	24,294	12,441	1,623,397
Disposal	–	–	(60,843)	(60,843)
At 31 March 2010	9,081,177	1,292,260	856,293	11,229,730
Accumulated depreciation				
At 1 April 2008	316,070	301,954	115,297	733,321
Exchange realignment	3,748	2,668	2,149	8,565
Charge for the year	743,719	157,321	180,939	1,081,979
Disposal	–	(2,130)	–	(2,130)
At 31 March 2009 and at 1 April 2009	1,063,537	459,813	298,385	1,821,735
Charge for the year	778,781	235,081	174,093	1,187,955
Disposal	–	–	(33,464)	(33,464)
At 31 March 2010	1,842,318	694,894	439,014	2,976,226
Carrying amount				
At 31 March 2010	7,238,859	597,366	417,279	8,253,504
At 31 March 2009	6,430,978	808,153	606,310	7,845,441

At 31 March 2010, the carrying amount of property, plant and equipment held by the Group under finance leases was amounted to US$5,512,607 (2009: US$6,274,997).

17. Intangible Assets

Group

	Computer software sublicense US$	License US$	CDMA software solutions US$	Total US$
Cost				
At 1 April 2008	1,702,571	296,698	–	1,999,269
Exchange realignment	–	2,763	–	2,763
Additions	–	5,674	–	5,674
Transfer to assets of disposal group classified as held for sale	(1,702,571)	(195,376)	–	(1,897,947)
At 31 March 2009 and at 1 April 2009	–	109,759	–	109,759
Additions	–	133,378	2,500,000	2,633,378
At 31 March 2010	–	243,137	2,500,000	2,743,137
Accumulated amortisation				
At 1 April 2008	643,377	102,014	–	745,391
Exchange realignment	–	119	–	119
Charge for the year	425,643	70,485	–	496,128
Transfer to assets of disposal group classified as held for sale	(1,069,020)	(146,532)	–	(1,215,552)
At 31 March 2009 and at 1 April 2009	–	26,086	–	26,086
Charge for the year	–	31,078	833,333	864,411
At 31 March 2010	–	57,164	833,333	890,497
Carrying amount				
At 31 March 2010	–	185,973	1,666,667	1,852,640
At 31 March 2009	–	83,673	–	83,673

The Group's computer software sublicense, license and CDMA software solutions are for the design and development of the Group's products. As at 31 March 2010, the average remaining amortisation period of license is 1 year (2009: 1 year), while the remaining amortisation period of CDMA software solution is 2 years.

18. Goodwill

Group

	US$
Cost and carrying amount	
At 1 April 2008	1,187,434
Exchange realignment	32,000
Arising on acquisition of minority interests in a subsidiary	260,652
At 31 March 2009, 1 April 2009 and 31 March 2010	1,480,086

Goodwill acquired in a business combination is fully allocated at acquisition to the Solution CGU, comprising of Zeus Telecommunication Technology Holdings Ltd. and PhoneLink Communication Technology Co., Ltd., that is expected to be benefit from that business combination.

The recoverable amounts of the CGU 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 revenue 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 CGU. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the CGU operate. Budgeted gross margin and revenue are based on past practices and expectations on market development.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next 3 years and discount rate of approximately 8.35% (2009: 8.56%) was used for the cash flow forecasts at 31 March 2010.

19. Investment in a Subsidiary

	Company 2010 US$	Company 2009 US$
Unlisted investment, at cost	2,570,694	2,570,694
Due from subsidiaries	41,377,779	29,688,113
Due to a subsidiary	(124,685)	–

The amounts due from/(to) a subsidiary/subsidiaries represent advances and are unsecured, interest-free and repayable on demand.

Particulars of the subsidiaries at the end of the reporting periods are as follows:

Name	Place of incorporation/ registration and operations	Issued and paid-up capital	Percentage of ownership interest/ voting power/ profit sharing 2010	2009	Principal activities
Directly held:					
Elastic Glory Investment Limited [a]	British Virgin Islands	2,570,694 ordinary shares of US$1 each	100%	100%	Investment holding
Indirectly held:					
Elite Link Technology Limited [e]	Hong Kong	20,000,001 ordinary shares of HK$1 each	100%	100%	Provision of management services to the Group
State Tech International Limited [a] [f]	British Virgin Islands	1 ordinary share of US$1 each	-	100%	Distribution and marketing of mobile handset components, software and solution for mobile appliances and mobile handset hardware
CCDH Technology Limited [a]	British Virgin Islands	50,000 ordinary shares of US$1 each	100%	100%	Investment holding
Finet Enterprises Limited [a]	British Virgin Islands	1 ordinary share of US$1 each	100%	100%	Trademark and patents registration

19. Investment in a Subsidiary *(continued)*

Particulars of the subsidiaries at the end of the reporting periods are as follows: *(continued)*

Name	Place of incorporation/ registration and operations	Issued and paid-up capital	Percentage of ownership interest/ voting power/ profit sharing 2010	2009	Principal activities
Indirectly held:					
深圳市杰特電信控股有限公司[b] [c] [h] (Zeus Telecommunication Technology Holdings Ltd.)	PRC	Registered and paid-up capital of RMB20,000,000	100%	100%	Development, distribution and marketing of software and solution for mobile appliances, mobile handset hardware, mobile handset and mobile handset components
上海風凌通訊技術有限公司[b] [d] [i] (PhoneLink Communication Technology Co., Ltd.)	PRC	Registered and paid-up capital of RMB10,000,000	100%	100%	Development of software and solution for mobile appliances
Max Sunny Limited [e]	Hong Kong	100,000 ordinary shares of HK$1 each	100%	100%	Distribution and marketing of mobile handset and mobile handset components
久宜通信技術（深圳）有限公司[b] [f] [h] (CCDH Technology (Shenzhen) Limited)	PRC	Registered and paid-up capital of US$500,000	–	100%	Development, distribution and marketing of software and solution for mobile appliances
統慶通信設備（深圳）有限公司[b] [c] [h] (Tongqing Communication Equipment (Shenzhen) Co., Ltd.)	PRC	Registered and paid-up capital of HK$90,000,000	100%	100%	Assembly of mobile handset and surface mounting technology of printed circuit board
Loyal Power International Investment Limited[b] [g]	Hong Kong	1 ordinary share of HK$1 each	100%	N/A	Property holding

19. Investment in a Subsidiary *(continued)*

Note:

(a) Not required to be audited under the laws of country of incorporation.

(b) Statutory financial statements not audited by RSM Nelson Wheeler.

(c) Statutory financial statements for the years ended 31 December 2008 and 2009 audited by Shenzhen Guobang Certified Public Accountants (深圳國邦會計師事務所).

(d) Statutory financial statements for the years ended 31 December 2008 and 2009 have not been issued by the local auditor.

(e) Statutory financial statements for the year ended 31 March 2009 audited by RSM Nelson Wheeler. Statutory financial statements for the year ended 31 March 2010 have not been issued.

(f) Disposed of to an independent third party during the year and details of which are as set out in note 37(a) to the financial statements.

(g) Statutory financial statements for the period from date of incorporation to 31 March 2010 have not been issued.

(h) These subsidiaries are registered as wholly-foreign-owned enterprise under the PRC Laws.

(i) The subsidiary is registered as wholly-domestic-owned enterprise under the PRC Laws.

20. Financial Asset at Fair Value Through Profit or Loss

	Group	
	2010 *US$*	2009 *US$*
Unlisted investment, at fair value	642,673	–

The investment represents a structured deposit placed to a bank with a maturity of 3 years and classified as a financial asset at fair value through profit or loss. The fair value of the investment is based on the price quoted by the bank. The directors believe that the estimated fair value quoted by the bank is reasonable, and that it is the most appropriate value at the end of the reporting period.

21. Available-for-sale Financial Asset

	Group	
	2010 US$	2009 US$
Unlisted equity investment, at cost	2,178,663	2,178,663

Unlisted equity investment is stated at cost as there is no quoted price in an active market. As such, it is not practicable to determine with sufficient reliability the fair value of the unlisted equity investment.

22. Inventories

	Group	
	2010 US$	2009 US$
Raw materials	1,450,219	859,205
Finished goods	5,129,388	2,735,741
	6,579,607	3,594,946

All inventories are carried at cost.

23. Trade Receivables

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 90 days (2009: 30 to 90 days), depending on the creditworthiness of customers and the existing relationships with the Group.

An aging analysis of trade receivables, based on invoice dates is as follows:

	Group	
	2010 US$	2009 US$
0 to 30 days	15,524,203	6,268,923
31 to 60 days	7,268,173	4,575,937
61 to 90 days	8,924,191	4,091,003
More than 90 days	746,947	4,151,002
	32,463,514	19,086,865

23. Trade Receivables *(continued)*

At 31 March 2010, trade receivables of US$9,912,734 (2009: US$7,817,165) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. An aging analysis of these trade receivables is as follows:

	Group	
	2010 US$	2009 US$
Past due 0 to 90 days	9,185,075	7,547,195
Past due more than 90 days	727,659	269,970
	9,912,734	7,817,165

Trade receivables are denominated in the following currencies:

	Group	
	2010 US$	2009 US$
United States dollar	31,754,087	16,566,647
Renminbi	709,427	2,520,218
	32,463,514	19,086,865

24. Prepayments, Deposits and Other Receivables

	Group		Company	
	2010 US$	2009 US$	2010 US$	2009 US$
Prepayments	7,941,040	2,697,331	22,211	–
Deposits	4,897,520	1,022,976	–	–
Other receivables	1,217,924	45,915	–	–
	14,056,484	3,766,222	22,211	–
Less: Impairment losses	(145,244)	(145,244)	–	–
	13,911,240	3,620,978	22,211	–

25. Derivative Financial Instruments

	Group	
	2010 US$	2009 US$
Financial assets, at fair value		
Interest rate swap contracts	14,127	–
Foreign exchange forward contracts	211,873	285,831
	226,000	285,831

The Group entered into interest rate swap contracts to manage its exposure to interest rate movements on certain bank loans. The underlining currency of interest rate swap contracts were denominated in United States Dollar and were entered for periods up to the maturity date of the respective bank loans, to swap floating interest rates to fixed interest rates.

25. Derivative Financial Instruments *(continued)*

In addition, the Group has entered into various forward foreign exchange contracts to manage its foreign exchange risk exposures which did not meet the criteria for hedge accounting.

During the year ended 31 March 2010, net fair value gains on non-hedging derivative financial instruments amounting to US$412,598 (2009: US$870,933) were recognised in the consolidated income statement. Non-hedging derivative financial instruments represent derivative financial instruments which do not fulfill the conditions of hedging relationship as defined in IAS 39 "Financial Instruments: Recognition and Measurement".

26. Restricted Bank Balances and Bank and Cash Balances

	Group		Company	
	2010	2009	2010	2009
	US$	*US$*	*US$*	*US$*
Bank and cash balances	22,419,496	12,479,669	5,915,416	34,892
Time deposits with original maturity over three months	15,686,375	15,706,874	–	–
Restricted bank balances	3,727,328	6,299,692	–	–
	41,833,199	34,486,235	5,915,416	34,892

The Group's restricted bank balances represent deposits to secure the bank loans, trust receipt loans and general banking facilities.

26. Restricted Bank Balances and Bank and Cash Balances *(continued)*

Restricted bank balances and bank and cash balances are denominated in the following currencies:

	Group		Company	
	2010	2009	2010	2009
	US$	*US$*	*US$*	*US$*
United States dollar	3,309,916	2,409,195	–	–
Hong Kong dollar	16,805,801	5,711,001	5,880,443	–
Renminbi	18,645,574	23,377,682	–	–
Singapore dollar	3,071,908	2,988,357	34,973	34,892
	41,833,199	34,486,235	5,915,416	34,892

Renminbi is not freely convertible to other currencies as such amounts were held by the subsidiaries located in the PRC. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for foreign currencies only through banks that are authorised to conduct foreign exchange business.

For the purpose of consolidated statement of cash flows, the cash and cash equivalents comprised the following:

	Group	
	2010	2009
	US$	*US$*
Bank and cash balances	38,105,871	28,186,543
Less: Time deposits with original maturity over three months	(15,686,375)	(15,706,874)
	22,419,496	12,479,669

27. Trade and Bills Payables

	Group	
	2010 US$	2009 US$
Trade payables	11,582,526	1,998,129
Bills payables	–	1,307,197
	11,582,526	3,305,326

An aging analysis of trade and bills payables, based on the date of receipt of goods, is as follows:

	Group	
	2010 US$	2009 US$
0 to 30 days	7,367,453	985,656
31 to 60 days	1,427,048	5,963
More than 60 days	2,788,025	2,313,707
	11,582,526	3,305,326

Trade payables generally have credit terms ranging from 15 days to 30 days (2009: 15 days to 30 days).

Trade and bills payables are denominated in the following currencies:

	Group	
	2010 US$	2009 US$
United States dollar	10,406,232	1,753,572
Renminbi	1,176,294	1,551,754
	11,582,526	3,305,326

28. Accruals and Other Payables

	Group		Company	
	2010	2009	2010	2009
	US$	*US$*	*US$*	*US$*
Accruals	1,071,197	540,558	200,500	170,866
Other payables	831,785	2,138,197	204,486	291,911
	1,902,982	2,678,755	404,986	462,777

29. Bank Loans

The bank loans are repayable as follows:

	Group	
	2010 *US$*	2009 *US$*
On demand or within one year	4,983,421	4,638,218
In the second year	703,146	–
In the third to fifth years, inclusive	835,415	–
	6,521,982	4,638,218
Less: Amounts due for settlement within 12 months (shown under current liabilities)	(4,983,421)	(4,638,218)
Amounts due for settlement after 12 months	1,538,561	–

All bank loans at 31 March 2010 are arranged at floating rates and exposed the Group to cash flow interest rate risk.

The average effective borrowing rate at the end of each reporting period is as follows:

	Group	
	2010	2009
Bank loans	3.14%	6.00%

All bank loans at 31 March 2010 were secured by bank deposits except for the following:

– bank loans of US$1,525,465 at 31 March 2010 were arranged under the Small and Medium Enterprises Loan Guarantee Scheme and the Special Loan Guarantee Scheme and were guaranteed by the Government of the Hong Kong Special Administrative Region and the Company;

– a bank loan of US$694,087 at 31 March 2010 was arranged under the Small and Medium Enterprises Loan Guarantee Scheme was guaranteed by the Government of the Hong Kong Special Administrative Region, the Company and two subsidiaries of the Company; and

– a bank loan of US$1,742,931 at 31 March 2010 was secured by corporate guarantee executed by a subsidiary of the Company and personal guarantee executed by an ex-director of a subsidiary of the Company.

29. Bank Loans *(continued)*

Bank loans are denominated in the following currencies:

	Group	
	2010 *US$*	2009 *US$*
United States dollar	2,559,499	4,115,339
Hong Kong dollar	2,219,552	–
Renminbi	1,742,931	522,879
	6,521,982	4,638,218

30. Other Loans

Other loans were denominated in Renminbi, interest free and were guaranteed by a PRC company which provides guarantee services. The other loans were counter-guaranteed by a subsidiary of the Company.

31. Trust Receipt Loans

The trust receipt loans are secured by bank deposits and are repayable within 90 days from their respective drawdown dates.

All trust receipt loans (2009: balances of US$4,393,022) are interest bearing at floating rates agreed with respective banks. Others were interest bearing at fixed rates as agreed with respective banks.

The average effective borrowing rate at the end of the reporting period is as follows:

	Group	
	2010	2009
Trust receipt loans	2.88%	3.76%

Trust receipt loans are denominated in United States dollar.

32. Finance Lease Payables

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2010 US$	2009 US$	2010 US$	2009 US$
Within one year	1,292,261	1,292,261	1,232,325	1,178,969
In the second to fifth years, inclusive	654,548	1,946,758	636,521	1,868,795
	1,946,809	3,239,019		
Less: Future finance charges	(77,963)	(191,255)		
Present value of lease obligations	1,868,846	3,047,764	1,868,846	3,047,764
Less: Amounts due for settlement within 12 months (shown under current liabilities)			(1,232,325)	(1,178,969)
Amounts due for settlement after 12 months			636,521	1,868,795

It is the Group's policy to lease certain of its property, plant and equipment under finance leases. At 31 March 2010, the average remaining lease term is 2 years (2009: 3 years) and the average effective borrowing rate was approximately 4.3% (2009: 4.3%).

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. At the end of each lease term, the Group has the option to purchase the property, plant and equipment at nominal prices.

The finance lease payables are denominated in the following currencies:

	Group	
	2010 US$	2009 US$
United States dollar	1,767,519	2,912,661
Hong Kong dollar	101,327	135,103
	1,868,846	3,047,764

At 31 March 2010, the Group's finance lease payables are secured by the lessor's title to the leased assets and corporate guarantees executed by a subsidiary of the Company.

33. Deferred Tax

No provision for deferred tax has been made in the financial statements as the tax effect of temporary differences is immaterial to the Group.

34. Share Capital

Group and Company

	Note	Number of shares	Amount US$
Authorised:			
Ordinary shares of US$0.008 each			
At 1 April 2008, 31 March 2009, 1 April 2009 and 31 March 2010		1,250,000,000	10,000,000
Issued and fully paid:			
Ordinary shares of US$0.008 each			
At 1 April 2008, 31 March 2009 and 1 April 2009		497,573,662	3,980,590
Issue of shares through placement	*(a)*	20,000,000	160,000
Issue of shares through placing and public offer	*(b)*	78,000,000	624,000
At 31 March 2010		595,573,662	4,764,590

Note:

(a) On 24 September 2009, the Company entered into subscription agreements with Lim Tiong Kheng Steven, Tan Poon Kuan Daniel, Lim Chye Huat Bobby, Chan Kok Khoon, Teo Yong Ping, Ang Ber Hua, Tan Lay Eng @ Mindy Tan and Low Chui Heng (collectively, the "Subscribers") for the issue and allotment of the Company's shares of an aggregate number of 20,000,000 ordinary shares in the capital of the Company at a subscription price of approximately US$0.09 (equivalent to S$0.13) per share. Pursuant to the agreements, these new ordinary shares shall rank pari passu in all aspects with the ordinary shares currently issued by the Company. The issue and allotment of 20,000,000 new ordinary shares to the Subscribers was completed on 8 October 2009.

(b) On 26 February 2010, 78,000,000 ordinary shares was allotted and issued at a price of approximately US$0.23 each (equivalent to HK$1.80 each) following the listing of the Company's shares on the Main Board of the HKSE.

34. Share Capital *(continued)*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the owners 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, buy-back shares, raise new debts, redeem existing 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 plus unaccrued proposed dividends less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, share premium, retained earnings, other reserves and if any, minority interests) less unaccrued proposed dividends and includes some forms of subordinated debts.

During the year ended 31 March 2010, the Group's strategy was to maintain the debt-to-adjusted capital ratio at the lowest as possible, in order to secure access to finance at a reasonable cost. The debt-to-adjusted capital ratio at the end of the reporting period is as follows:

	2010 *US$*	2009 *US$*
Total debt	16,580,313	15,858,404
Less: cash and cash equivalents	(22,419,496)	(12,479,669)
Net debt	(5,839,183)	3,378,735
Total equity and adjusted capital	77,366,790	53,937,058
Debt-to-adjusted capital ratio	N/A	6.26%

According to the Rule 723 of the Listing Manual of the SGX-ST and Rules Governing the Listing of Securities on HKSE, at least 10% and 25% of the Company's shares should be held in the hands of the public respectively.

Apart from the above, the Group is not subject to any other externally imposed capital requirements.

35. Reserves

(a) Group

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

(b) Company

	Share premium US$	Accumulated losses US$	Total US$
At 1 April 2008	28,254,965	(2,320,034)	25,934,931
Profit for the year	–	3,955,453	3,955,453
Dividends paid	–	(2,040,052)	(2,040,052)
At 31 March 2009 and at 1 April 2009	28,254,965	(404,633)	27,850,332
Loss for the year	–	(978,296)	(978,296)
Issue of shares through placement	1,647,508	–	1,647,508
Issue of shares through placing and public offer	16,072,295	–	16,072,295
At 31 March 2010	45,974,768	(1,382,929)	44,591,839

(c) Nature and purposes of reserves

(i) Share premium

The application of the share premium is governed by section 40 of the Bermuda Companies Act 1981 of Bermuda.

(ii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3(d)(iii) to the financial statements.

(iii) Reserve funds

Pursuant to the relevant PRC laws and regulations, Sino-foreign joint ventures registered in the PRC are required to transfer a certain percentage, as approved by the board of directors, of their profit after income tax to the reserve funds. These funds are restricted as to use.

36. Share-based Payments

Equity-settled share option scheme

(a) Employee share option scheme ("ESOS") and new share option scheme ("SOS")

Pursuant to a written resolution of all shareholders of the Company passed on 24 September 2007, the Company adopted the ESOS for the purpose of providing incentive to directors and eligible employees on the same date. Eligible participants include any confirmed employee, including executive directors and non-executive directors of the Company and the Company's subsidiaries. Pursuant to the special general meeting of the Company held on 11 February 2010, ESOS was revoked and the terms of SOS was adopted. There was no outstanding share option granted under ESOS.

Pursuant to SOS, employees of the Group (including Group's executive directors and Group's non-executive directors) and who are not undischarged bankrupts and have not entered into a composition with their respective creditors on or prior to the relevant offer date, shall be eligible to participate in SOS at the absolute discretion of the remuneration committee.

SOS shall be valid and effective for a period of 10 years from 11 February 2010, after which period no further share options will be granted but in respect of all share options which remain exercisable at the end of such period, the provisions of SOS shall remain in full force and effect.

The grant of a share option shall be deemed to have been accepted when the duplicate of the offer letter comprising acceptance of the offer duly signed by the grantee with the number of shares in respect of which the offer is accepted clearly stated therein together with a payment or remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof is received by the Company within 21 days from the offer date.

Subject to the provisions of the SOS, the Bermuda Companies Act, the Listing Manual of the SGX-ST and Rules Governing the Listing of Securities on HKSE, the remuneration committee may, when making the offer, impose any conditions, restrictions or limitations in relation thereto as it may at its absolute discretion think fit.

The total number of shares which may be allotted and issued upon exercise of all share options to be granted under this SOS and any other share option scheme of the Company must not exceed the aggregate of 59,557,366 shares, representing 10% of the ordinary shares in issue immediately following completion of the dual primary listing in the Main Board of HKSE unless the Company obtains a fresh approval from the owners of the Company in general meeting.

No share options have been granted or agreed to be granted by the Company since the adoption date of the SOS.

36. Share-based Payments *(continued)*

Equity-settled share option scheme *(continued)*

(b) Performance share plan (the "Plan")

Pursuant to a written resolution of all shareholders of the Company passed on 24 September 2007, the Company adopted the Plan for the purpose of providing incentive to directors and eligible employees on the same date. Eligible participants include any confirmed employees, including executive directors and non-executive directors of the Company and the Company's subsidiaries.

Pursuant to the special general meeting of the Company held on 11 February 2010, the Plan was terminated. No contingent award of ordinary shares have been granted or agreed to be granted by the Company under the Plan before the termination of the Plan.

37. Notes to the Consolidated Statement of Cash Flows

(a) Disposal of disposal group classified as held for sale

The Group completed the disposal of disposal group classified as held for sale during the year ended 31 March 2010 and the loss on disposal of the disposal group classified as held for sale was recognised in the consolidated income statement.

Net assets of the disposal group classified as held for sale at the date of disposal are as follows:

	US$
Assets of disposal group classified as held for sale	1,726,321
Liabilities directly associated with disposal group classified as held for sale	(1,268,600)
Reclassification adjustment arising from release of foreign currency translation reserve directly associated with disposal group classified as held for sale	64,366
Loss on disposal of disposal group classified as held for sale	(64,366)
Total consideration satisfied by cash	457,721

(b) Major non-cash transactions

(i) During the year ended 31 March 2010, additions to intangible assets of US$2,500,000 were transferred from prepayments, deposits and other receivables.

(ii) During the year ended 31 March 2010, prepayments, deposits and other receivables of US$319,537 was settled by offsetting against an equal amount of accruals and other payables.

38. Contingent Liabilities

Financial guarantees issued

At the end of the reporting period, the Company has the following financial guarantees:

(a) guarantees to banks in respect of banking facilities granted to a subsidiary of the Company at 31 March 2010 amounted to US$18,508,702 and guarantees to banks in respect of banking facilities granted to two subsidiaries of the Company at 31 March 2009 amounted to US$10,110,154;

(b) an unlimited guarantee to a bank in respect of banking facilities granted to a subsidiary of the Company at 31 March 2010; an unlimited guarantee to a bank in respect of banking facilities granted to two subsidiaries of the Company at 31 March 2009; and

(c) a corporate guarantee to a bank in respect of banking facilities granted to a subsidiary of the Company at 31 March 2010; a corporate guarantee to a bank in respect of banking facilities granted to two subsidiaries of the Company at 31 March 2009.

At the end of the reporting period, the directors do not consider it probable that a claim will be made against the Company under any of the above guarantees. The maximum liability of the Company at the end of the reporting period under the financial guarantees issued is as follows:

	2010 *US$*	2009 *US$*
Guarantees as mentioned in (a) above – amounts of finance leases and other bank borrowings drawn	6,573,917	5,587,068
Guarantee as mentioned in (b) above – amounts of bank borrowings drawn	5,949,726	4,393,002
Guarantee as mentioned in (c) above – amounts of bank borrowings drawn	–	1,105,000
	12,523,643	11,085,070

The fair value of the guarantees at date of inception is not material and is not recognised in the financial statements.

39. Capital Commitments

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

	Note	2010 US$	2009 US$
Contracted but not provided for:			
Property, plant and equipment	(a)	1,650,749	71,745
Financial asset at fair value through profit or loss	(b)	6,498,585	–
		8,149,334	71,745

Note:

(a) Pursuant to a contractual arrangement dated 25 March 2010, the Group placed a deposit of US$183,416 to acquire an office located in Hong Kong at a total consideration of US$1,834,165 (equivalent to approximately HK$14,269,800). As at 31 March 2010, the Group made a 10% deposits of US$183,416.

The acquisition has been subsequently completed.

(b) Pursuant to a share purchase deed (the "Share Purchase Deed") dated 23 March 2010, the Group has agreed to acquire 15% investment in Yoho King Limited ("Yoho King"), which was incorporated in Bermuda, at a total cash consideration of US$10,830,750. Yoho King and its subsidiaries are principally engaged in research and development, distribution and sales channel in a various range of high-tech products, such as netbooks, computer chips and other information technology communication devices and terminals. As at 31 March 2010, the Group made a 40% deposits of US$4,332,390 in accordance with the terms and conditions of the Share Purchase Deed.

The acquisition has been subsequently completed.

40. Lease Commitments

At the end of the reporting period, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Group	
	2010 US$	2009 US$
Within one year	724,338	795,306
In the second to fifth years inclusive	770,330	1,494,668
	1,494,668	2,289,974

Operating lease payments represent rentals payable by the Group for certain of its offices and factory premises. Leases are negotiated for an average term of five years (2009: five years) and rentals are fixed over the lease terms and do not include contingent rentals.

41. Material Related Party Transactions

(a) Transactions with related parties

In addition to those related party transactions and balances disclosed elsewhere in the financial statements, the Group had the following material transactions with its related parties during the year:

	Note	2010 US$	2009 US$
Sale of goods to a jointly controlled entity classified as held for sale		297,937	–
Consultancy fees paid to a related company	*(i)*	120,406	–
Personal guarantee provided by a director of the Company for a bank loan obtained	*(ii)*	1,742,931	–

Note:

(i) Amounts represented legal services provided by Messrs David Lim & Partners, a law firm in Singapore of which one of the Company's directors, Mr. David Lim Teck Leong, is a partner.

(ii) A bank loan of RMB12,000,000 was secured by corporate guarantee executed by a subsidiary of the Company and personal guarantee executed by an ex-director of a subsidiary and a director of the Company. The bank loan was fully settled during the year.

(b) Key management personnel remuneration

Remuneration for key management personnel is disclosed in note 12 to the financial statements.

42. Approval of Financial Statements

The financial statements were approved and authorised for issue by the Board of Directors on 25 June 2010.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below.

	Year ended 31 March				
	2010 *US$*	2009 *US$*	2008 *US$*	2007 *US$*	2006 *US$*
RESULTS					
REVENUE	139,454,026	103,623,852	119,594,116	46,261,331	4,393,846
Cost of goods sold	(127,815,252)	(95,116,448)	(103,419,592)	(35,836,026)	(2,963,456)
Gross profit	11,638,774	8,507,404	16,174,524	10,425,305	1,430,390
Other income	922,361	1,256,790	576,463	38,578	5,245
Selling and distribution costs	(45,089)	(47,291)	(1,309)	(6,913)	(878)
Administrative expenses	(4,704,555)	(5,103,964)	(5,773,361)	(1,993,813)	(214,374)
PROFIT FROM OPERATIONS	7,811,491	4,612,939	10,976,317	8,463,157	1,220,383
Finance costs	(509,718)	(543,701)	(792,127)	(139,236)	–
Share of profit of a jointly-controlled entity	–	434,886	743,595	999,800	–
PROFIT BEFORE TAX	7,301,773	4,504,124	10,927,785	9,323,721	1,220,383
Income tax expense	(2,100,210)	(593,608)	(810,000)	(446,076)	(96,806)
PROFIT FOR THE YEAR	5,201,563	3,910,516	10,117,785	8,877,645	1,123,577
Attributable to:					
Owners of the Company	5,201,563	3,959,401	10,180,710	8,948,047	1,123,577
Minority interests	–	(48,885)	(62,925)	(70,402)	–
	5,201,563	3,910,516	10,117,785	8,877,645	1,123,577

	At 31 March				
	2010 *US$*	2009 *US$*	2008 *US$*	2007 *US$*	2006 *US$*
ASSETS, LIABILITIES AND MINORITY INTERESTS					
TOTAL ASSETS	109,421,126	77,394,263	71,321,666	20,114,268	3,809,981
TOTAL LIABILITIES	(32,054,336)	(23,457,205)	(19,713,327)	(7,392,356)	(2,526,612)
MINORITY INTERESTS	–	–	(93,247)	(139,037)	–
	77,366,790	53,937,058	51,515,092	12,582,875	1,283,369

STATEMENT BY DIRECTORS

The Board of Directors is responsible for the preparation 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 fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In the opinion of the directors, the accompanying statements of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2010 and of the results of the business, changes in equity and cash flows of the Group 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.

On behalf of the Board of Directors

Wang Shih Zen

Lu Shangmin

Dated: 25 June 2010

Shareholders' Information as at 17 June 2010

Authorised Share capital	:	US$10,000,000
Issued and fully paid capital:	:	US$4,764,590
Number of shares	:	595,573,662
Class of shares	:	Ordinary share of US$0.008 each
Voting rights	:	On a show of hands: 1 vote for each member
	:	On a poll: 1 vote for each ordinary share

Statistics of Shareholdings

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 – 999	6	0.25	2,043	0.00
1,000 – 10,000	997	42.34	5,813,875	0.98
10,001 – 1,000,000	1,328	56.39	91,134,730	15.30
1,000,001 and above	24	1.02	498,623,014	83.72
Total	2,355	100.00	595,573,662	100.00

Substantial Shareholders

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Wise Premium Limited	168,110,250	28.23	–	–
Wang Shih Zen	–	–	168,110,250	28.23
Wang Tao	91,206,500	15.31	–	–

(1) Wise Premium Limited is an investment holding company incorporated in British Virgin Islands and is wholly-owned by Mr. Wang Shih Zen. Accordingly, Mr. Wang is deemed to be interested in Wise Premium Limited's 168,110,250 shares in the capital of the Company.

(2) In addition, pursuant to Section 336 of the SFO, Ms. Kang Ling Hoi is also deemed to be interested in the shares held by her spouse, Mr. Wang Shih Zen.

Treasury Shares – Rule 1207(9)(F)

Number of treasury shares held	:	Nil
% of treasury shares held against total/no. of issued shares (excluding treasury shares)	:	–

Twenty Largest Shareholders

No.	Name of Shareholders	Number of Shares	%
1	HKSCC NOMINEES LIMITED	171,761,000	28.84
2	WISE PREMIUM LIMITED	168,110,250	28.23
3	WANG TAO	91,206,500	15.31
4	OCBC SECURITIES PRIVATE LTD	14,350,000	2.41
5	PHILLIP SECURITIES PTE LTD	11,915,000	2.00
6	LIM TIONG KHENG STEVEN	7,363,529	1.24
7	CIMB SECURITIES (SINGAPORE) PTE LTD	3,885,000	0.65
8	RAFFLES NOMINEES (PTE) LTD	3,211,750	0.54
9	LU SHANGMIN*	3,000,000	0.50
10	ERIC YONG HAN KEONG	2,400,000	0.40
11	UOB KAY HIAN PTE LTD	2,367,000	0.40
12	SHOSHOLOZA INVESTMENT CO. LTD	2,220,750	0.37
13	CHAN KA WO	2,200,000	0.37
14	LIM & TAN SECURITIES PTE LTD	1,965,000	0.33
15	LEE SER KOON	1,730,000	0.29
16	NEO CHEE BENG (LIANG ZHIMING)	1,700,000	0.29
17	KIM ENG SECURITIES PTE. LTD.	1,541,000	0.26
18	HONG LEONG FINANCE NOMINEES PTE LTD	1,540,000	0.26
19	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,495,000	0.25
20	TAN SIAH HWEE	1,203,000	0.20
	TOTAL	495,164,779	83.14

* Mr. Lu Shangmin held 2,300,000 shares through HKSCC Nominees Limited. Together with his direct holdings of 3,000,000 shares, Mr. Lu held 5,300,000 shares in aggregate, representing 0.89% of the issued share capital of the Company.

Percentage of Shareholding in Public's Hands

Approximately 55.57% of the Company's shares are held by the public as at 17 June 2010. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST and the Rules Governing the Listing of Securities on the HKSE.

CORPORATE INFORMATION

Director	:	Executive: Wang Shih Zen, Chairman and Chief Executive Officer Wang Tao Lu Shangmin Non-executive: David Lim Teck Leong Independent Non-executive: Chan Kam Loon Guo Yanjun Lo Hang Fong Tham Wan Loong, Jerome
Audit committee	:	Chan Kam Loon (Chairman) Guo Yanjun Lo Hang Fong Tham Wan Loong, Jerome David Lim Teck Leong
Nominating committee	:	Lo Hang Fong (Chairman) Chan Kam Loon Guo Yanjun Tham Wan Loong, Jerome Wang Shih Zen David Lim Teck Leong
Remuneration committee	:	Guo Yanjun (Chairman) Chan Kam Loon Lo Hang Fong Tham Wan Loong, Jerome Wang Shih Zen David Lim Teck Leong
Authorised representative	:	Wang Shih Zen Shum Hoi Luen
Compliance advicer	:	SinoPac Securities (Asia) Limited 21st Floor One Peking 1 Peking Road Tsimshatsui Hong Kong

Joint company secretaries	:	Busarakham Kohsikaporn, FCIS Shirley Lim Keng San, FCIS Shum Hoi Luen
Registered office	:	Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda
Headquarters and principal place of business in China	:	Room 401, Building 14 West Park of Software Park Hi-Tech Park, Second Road Nanshan, Shenzhen, PRC Telephone No: 86-755 8633 6366 Facsimile No: 86-755 8633 6345 Email Address: enquiry@z-obee.com
Principal bankers	:	Standard Chartered Bank (Hong Kong) Limited DBS Bank (Hong Kong) Limited Dah Sing Bank Nanyang Commercial Bank Limited Citibank Shanghai Pudong Development Bank Guangdong Development Bank
Auditor	:	RSM Nelson Wheeler Certified Public Accountants 29th Floor, Caroline Centre, Lee Gardens Two, 28 Yun Ping Road, Hong Kong Partner-in-charge: Wong Poh Weng (With effect from year ended 31 March 2007)
Stock code	:	Singapore : D5N Hong Kong : 948
Corporate website	:	http://www.z-obee.com

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of Z-Obee Holdings Limited (the "Company") will be held at 33/F., 9 Queen's Road Central, Central, Hong Kong on Friday, 30 July 2010 at 10:00 a.m.. Any shareholder or depositor or proxy who wishes to take part in the AGM from Singapore, may attend via video conference which shall be held at 7 Temasek Boulevard, #15-03 Suntec Tower One, Singapore 038987. The persons attending the said video conference will be able to pose questions to the Company's management and to comment on the issue on the AGM's agenda. Please be on time to avoid disrupting the AGM which will commence sharply on Friday, 30 July 2010 at 10:00 a.m.. The AGM is convened for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the financial year ended 31 March 2010 together with the Auditor's Report thereon.

   (Resolution 1)

2. To re-elect the following Directors retiring pursuant to Bye-law 85(6) of the Company's Bye-laws:

   Lo Hang Fong **(Resolution 2)**
   Tham Wan Loong, Jerome **(Resolution 3)**

   Mr Lo Hang Fong will, upon re-election as a Director of the Company, remain Chairman of Nominating Committee and a member of the Audit and Remuneration Committees and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST Listing Manual") and Rule 3.13 of the Rules Governing the Listing Securities (the "Hong Kong Listing Rules") on the Stock Exchange of Hong Kong Limited (the "SEHK").

   Mr Tham Wan Loong, Jerome will, upon re-election as a Director of the Company, remain a member of Audit, Nominating and Remuneration Committees and will be considered independent for the purposes of Rule 704(8) of the SGX-ST Listing Manual and Rule 3.13 of the Hong Kong Listing Rules.

3. To approve the payment of Directors' fees of S$6,333 for the financial year ended 31 March 2010.

   [See Explanatory Note (i)] **(Resolution 4)**

4. To approve the payment of Directors' fees of up to S$208,000 for the financial year ending 31 March 2011, to be paid quarterly in arrears, at the end of each calendar quarter (2010: S$128,000).

   [See Explanatory Note (ii)] **(Resolution 5)**

5. To re-appoint RSM Nelson Wheeler as the Company's Auditor 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 AGM.

AS SPECIAL BUSINESS

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

7. SHARE ISSUE MANDATE

That pursuant to Rule 806 of the SGX-ST Listing Manual and Section 57B of the Companies Ordinance (Chapter 32) of the Laws of Hong Kong and Rule 13.36 of the Hong Kong Listing Rules, 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 percent (50%) of the total number of 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 percent (20%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company;

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

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

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

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

(c) And that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next AGM or the date by which the next AGM 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 (the "Issue Mandate"); and

(d) In exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by SGX-ST and SEHK from time to time and the provisions of the Listing Manual and the Hong Kong Listing Rules for the time being in force (in each case, unless such compliance has been waived by the SGX-ST or the SEHK (as the case may be)), all applicable legal requirements under the Companies Act, Chapter 50 of Singapore (the "Companies Act") and the Companies Ordinance (Chapter 32) of the Laws of Hong Kong and otherwise, the Bye-Laws for the time being of the Company and the applicable laws of Bermuda.

[See Explanatory Note (iii and vi)] **(Resolution 7)**

8. DISCOUNT FOR NON PRO-RATA SHARE ISSUE

That without prejudice to the generality of, and pursuant and subject to the approval of the Share Issue Mandate set out in Resolution 7, authority be and is hereby given to the directors of the Company at any time up to 31 December 2010 or such later date as may be determined by the SGX-ST to allot and save issue Shares for cash consideration other than on a pro rata basis to shareholders of the Company, at a discount to the Weighted Average Price or the Benchmarked Price, as the case may be exceeding ten percent (10%) but not more than twenty percent (20%), and upon such terms and conditions and for such purposes and to such persons as the directors of the Company may in their absolute discretion deem fit, provided that:

(a) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST and the SEHK from time to time and the provisions of the SGX-ST Listing Manual and the Hong Kong Listing Rules for the time being in force (in each case, unless such compliance has been waived by the SGX-ST or the SEHK (as the case may be), all applicable legal requirements under the Companies Act and the Companies Ordinance (Chapter 32) of the Laws of Hong Kong and otherwise, the Bye-Laws for the time being of the Company and the applicable laws of Bermuda;

(b) unless revoked or varied by the Company in a general meeting, the authority conferred by this Resolution shall continue in force until 31 December 2010 or such later date as may be determined by the SGX-ST, but in any event not later than (1) the conclusion of the next AGM of the Company or (2) the date by which the next AGM of the Company is required by law to be held, whichever is the earlier; and

(c) for the purpose of this Resolution:

"Weighted Average Price" means the weighted average price of the Shares for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed (or if not available, the weighted average price based on the trades done on the preceding market day); and

"Benchmarked Price" means the higher of:

(1) the closing price on the SEHK on the date of the relevant placing agreement or other agreement involving the proposed issue of securities under the Issue Mandate; and

(2) the average closing price on the SEHK in the 5 trading days immediately prior to the earliest of:

(i) the date of announcement of the placing or the proposed transaction or arrangement involving the proposed issue of securities under the Issue Mandate;

(ii) the date of the placing agreement or other agreement involving the proposed issue of securities under the Issue Mandate; and

(iii) the date on which the placing or subscription price is fixed.

[See Explanatory Note (iv and vi)] **(Resolution 8)**

9. AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE Z-OBEE HOLDINGS LIMITED EMPLOYEE SHARE OPTION SCHEME 2010

That authority be and is hereby given to the Directors of the Company to offer and grant options in accordance with the provision of the Z-Obee Holdings Limited Employee Share Option Scheme 2010 ("2010 Scheme") and to allot, issue or deal with from time to time such number of Shares in the Company as may be required to be allotted, issued or dealt with pursuant to the exercise of the options under 2010 Scheme, provided that the aggregate number of Shares to be allotted, issued or dealt with pursuant to the options granted under the 2010 Scheme shall not, in aggregate exceed ten percent (10%) of the issued share capital of the Company (excluding treasury shares) from time to time.

[See Explanatory Note (v and vi)] **(Resolution 9)**

By Order of the Board

Shum Hoi Luen
Busarakham Kohsikaporn
Shirley Lim Keng San
Joint Company Secretaries

2 July 2010

Explanatory Notes to Resolutions to be passed –

(i) Ordinary Resolution 4 proposed in item 3 above, is to approve the payment of a Director's fee for the year ended 31 March 2010.

There was a shortfall of S$6,333 in the Directors' fees for the financial year ended 31 March 2010 which was approved by shareholders at the last AGM held on 30 July 2009. This was as a result of the appointment of Mr Lo Hang Fong as an independent Director of the Company with effect from 3 February 2010. The fee for Mr Lo Hang Fong was pro-rated accordingly.

(ii) Ordinary Resolution 5 proposed in item 4 above, is to approve the payment of Directors' fees for the financial year ending 31 March 2011 on a quarterly basis, in arrears.

The increase in the Directors' fees for the financial year ending 31 March 2011 is due to the appointment of two additional independent Directors namely, Mr Lo Hang Fong and Mr Tham Wan Loong, Jerome. Mr Lo Hang Fong and Mr Tham Wan Loong Jerome were appointed as Independent Directors of the Company on 3 February 2010 and 3 May 2010 respectively. The fee for Mr Tham Wan Loong Jerome will be pro-rated accordingly.

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

(iv) Ordinary Resolution 8 proposed in item 8 above is to empower the directors, pursuant to the Share Issue Mandate set out in Ordinary Resolution 7, to allot and issue Shares other than on a pro rata basis to shareholders of the Company, at a discount to the Weighted Average Price or the Benchmarked Price, as the case may be, exceeding ten percent (10%) but not more than twenty percent (20%).

Such allotment and issue of Shares will be priced at the higher of (a) the Weighted Average Price and (b) the Benchmark Price (taking into account such discount), or such price as may be permitted under the SGX-ST Listing Manual and the Hong Kong Listing Rules.

In exercising the authority conferred by Ordinary Resolution 8, the Company shall comply with the requirements of the SGX-ST and the SEHK (unless waived by the SGX-ST or the SEHK (as the case may be)), all applicable legal requirements, the Company's Bye-Laws and the applicable laws of Bermuda, Rule 811(1) of the SGX-ST Listing Manual presently provides that an issue of shares must not be priced at more than ten percent (10%) discount to the weighted average price for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed (or if not available, the weighted average price based on the trades done on the preceding market day).

On 19 February 2009, the SGX-ST released a press release of new measures effective on 20 February 2009 (the "Press Release"), which included an interim measure allowing issuers to undertake placements of new shares using the general mandate to issue shares, priced at discounts of up to twenty percent (20%), subject to the conditions that the issuer seeks shareholders' approval in a separate resolution at a general meeting to issue new shares other than on a pro rata basis at a discount exceeding ten percent (10%) but not more than twenty percent (20%). The general share issue mandate resolution is not conditional on this resolution. Ordinary Resolution 7 has been included following this interim measure, taking into account the relevant requirements under the Hong Kong Listing Rules. The Press Release states that this new measure will be in effect until 31 December 2010 when it will be reviewed by the SGX-ST.

(v) The Ordinary Resolution 9 proposed in item 9 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 ten percent (10%) of the total number of issued share capital of the Company (excluding treasury shares) in the capital of the Company from time to time pursuant to the exercise of the options under the 2010 Scheme.

For the purpose of this resolution, the total number of issued share capital (excluding treasury shares) is based on the Company's total number of issued Shares (excluding treasury shares) at the time this proposed Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this proposed Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

(vi) **IMPORTANT: Notwithstanding the passing of the Ordinary Resolutions 7, 8 and 9 proposed in items 7, 8 and 9 above, the Company shall from time to time comply with the relevant requirement under the Hong Kong Listing Rules in relation to issuance of securities, in particular Rules 7.19(6), 13.36 and 13.36(5) thereof.**

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A form of proxy for use at the meeting is enclosed herewith.

2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of any officer, attorney or other person authorised to sign the same.

3. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.

4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be lodged at the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (for Hong Kong Shareholders), or the Company's share transfer agent, Tricor Barbinder Share Registration Services, at 8 Cross Street, #11-00 PWC Building, Singapore 048424 (for Singapore Shareholders) not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjourned meeting thereof (as the case may be).

5. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.

6. Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.

7. As at the date of this notice, the Board of Directors of the Company comprises the following members: (1) Executive Directors: Wang Shih Zen, Wang Tao, Lu Shangmin; (2) Non-Executive Director: David Lim Teck Leong; and (3) Independent Non-Executive Directors: Chan Kam Loon, Guo Yanjun, Lo Hang Fong, Tham Wan Loong, Jerome.

8. A Depositor (as defined in the Companies Act (Chapter 50 of Singapore) (the "Singapore Companies Act")) whose name appears in the Depository Register (as defined in Section 130A of the Singapore Companies Act) and who is unable to attend personally but wishes to appoint a nominee to attend and vote on his behalf, or if such Depositor is a corporation, should complete the attached Depository proxy form and lodge the same at the office of the Company's share transfer agent in Singapore, Tricor Barbinder Share Registration Services, at 8 Cross Street #11-00 PWC Building, Singapore 048424 (for Singapore Shareholders) not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjourned meeting thereof (as the case may be).

9. The register of members of the Company will be closed from 26 July 2010 to 30 July 2010, both days inclusive, during which period no transfer of Shares will be registered. In order to determine the identity of Shareholders who are entitled to attend and vote at the AGM, all share transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m., 23 July 2010 (for Hong Kong Shareholders), or with the Company's Singapore Share Transfer Agent, Tricor Barbinder Share Registration Services, at 8 Cross Street, #11-00, PWC Building, Singapore 048424 for registration no later than 5:00 p.m., 23 July 2010 (for Singapore Shareholders).