Z-OBEE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code
Singapore:D5N
Hong Kong:948

Annual Report 2012

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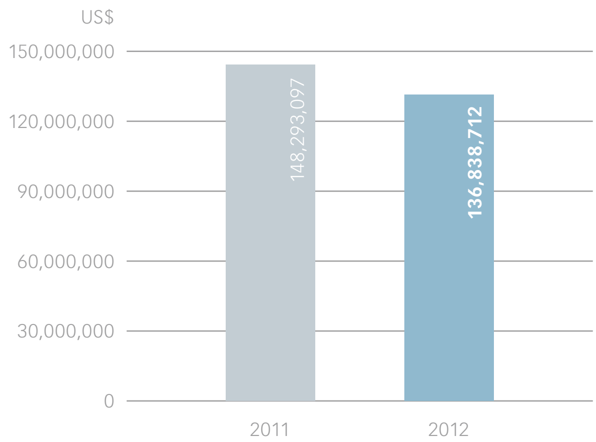
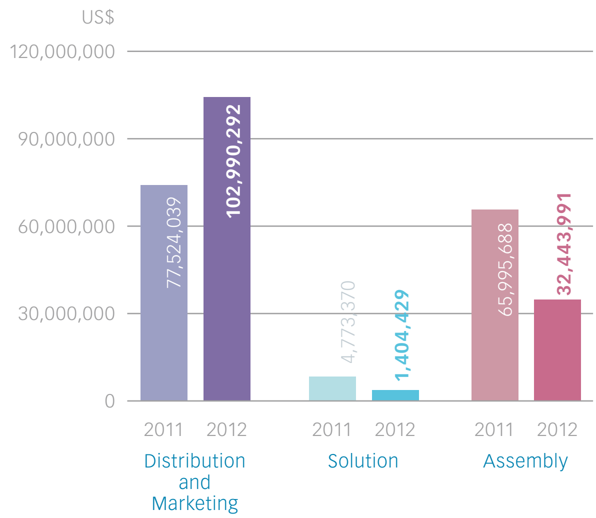
FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

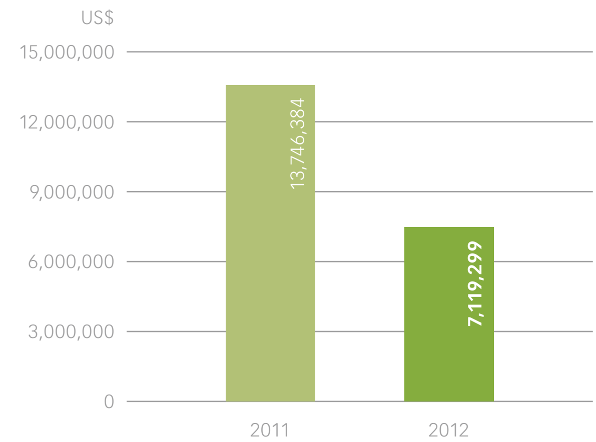
Revenue



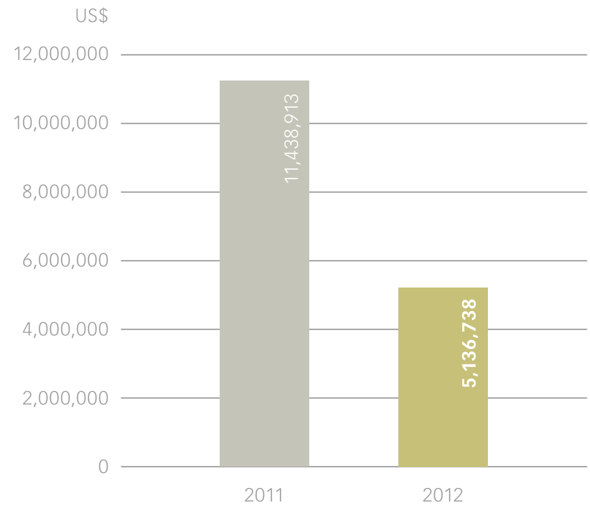
Revenue by Segment



Gross Profit



Profit for the Year Attributable to Owners of the Company



Dear Shareholders,

I am pleased to present the Annual Report of Z-Obee Holdings Limited (the "Company") and together with its subsidiaries (collectively the "Group") for the year ended 31 March 2012 ("FY2012").

Profit attributable to the Group decreased by approximately 55.09% to approximately US$5,137,000 for FY2012. Total revenue decreased by 7.72% to approximately US$136,839,000 for FY2012.

While we had strong performance with a record of high profit for the financial year ended 31 March 2011 ("FY2011"), we had also faced a number of challenges for FY2012. The volatility and uncertainties of major economies around the world have a significant impact on the core businesses of the Group.

In terms of the global mobile handset market, the growth of shipments in 2011 decelerated with a growth of shipments for the full year of 2011 being approximately 11.1%, representing a year-on-year decrease of approximately 7.6%. An approximately 2% decline of year-on-year worldwide sales of mobile phones is recorded in the first quarter of 2012 (the "Q1 2012"), which is the first decline during the global economic recession since the second quarter of 2009.

Distribution and Marketing segment of the Group recorded strong performance mainly due to the high demands in the domestic market as well as for the intelligent terminal application of "Internet of Things". However, demands from the export market saw a significant decrease in terms of the design and production solution services for mobile handsets as well as the assembly of mobile handsets, which had an adverse impact on our businesses. As gross profit margin from the mobile handset assembly and production businesses dropped, management of the Group decided to suspend the operation of relevant factory in the fourth quarter of FY2012 in an effort to be more effective in its cost control and resource allocation.

The Group launched its first Android computer tablets in the first half of FY2012. The product, named as "VM", is positioned as a mobile multi-media electronic magazine designed for entertainment and advertising, serving as business marketing tools for various sectors. In order to meet the standards of various industries, the Group has used the highest safety standards as indicators, from its product design to production. As a result, its products have passed a series of tests and gained multiple certificates, and even become the only electronic device allowed to be used on air flights by the aviation industry. With its distinct advantages in product design, the Group entered into a supply agreement and an announcement was made on 15 June 2011 with Shenzhen Jing Ying Electronic Technology Limited 深圳市菁英電子科技有限公司 ("Jing Ying") to use VM computer tablets as multi-media electronic magazine designed for entertainment and advertising on air flights.

FY2012 is our seeding period when several decisions that would have significant impact on the future development of the Group were made. A number of projects launched during the year are expected to generate long-term income for the Group. In line with our operation philosophy to base our development on scientific and technological innovation, we are taking an active approach in developing high value-added scientific and technological projects. Other than our self-developed VM computer tablets that has allowed the Group to explore new electronic media business, the Group has spared no effort in introducing hi-tech projects into the People's Republic of China (the "PRC").

CHAIRMAN'S STATEMENT

Since its listing on the Taiwan Stock Exchange Corporation, the Group has established strategic partnerships with a number of scientific research enterprises in Taiwan, amongst which energy conservation projects have achieved the best results so far. With the Chinese government and companies attaching greater importance to energy conservation and environmental protection, and the Chinese government promulgating relevant policies to support companies in their adoption of energy conservation measures, demands for high quality energy-saving LED lighting products saw a surge. As a manager of scientific and technological projects, the Group has leveraged on its in-depth understanding of PRC market and Chinese laws and regulations as well as its extensive experiences in managing scientific and technological products and financial projects over the years. In addition, we have conducted extensive work for the initial layout of our energy-saving LED lighting business, which is expected to become a source of income for the Group in the future.

In terms of main strategies for future developments, the Group will continue to leverage on its own research and development capacity and introduce advanced technologies for the development of high value-added scientific and technological projects. While maintaining our core businesses related to mobile handsets, we will further explore more recurring revenue-generating projects. Through (i) the introduction of VM computer tablets into other airlines, airports, hotels, ferries and high-speed rails as a multi-media electronic magazine for entertainment and advertising; and (ii) the adoption of the "contractor" model to provide a one-stop solution for managing energy-saving LED lighting projects ranging from design, installation, procurement and maintenance, the Group is very confident that its strategies will provide it with excellent opportunities to open up a new source of income.

The current fierce competition in the mobile handset market, continuous decrease in gross profit margin and uncertainties in the economy are all reminders that we are operating in a sector faced with plenty of challenges and unpredictable changes. It is therefore essential for us to continue to adopt the strategy of exploring new sources of income and striving to lower costs. As the Group is listed in Singapore, Hong Kong and Taiwan, we are able to make the best of what the three markets have to offer. The scientific and technological capacity in Taiwan and the talents and the well structured financial hub of Singapore and Hong Kong have become important bridges connecting these three markets and the enormous PRC market. It has also enabled us to explore more diversified sources of income from various projects. Meanwhile, the Group will continue to manage its financial transactions in a prudent manner, closely monitor its business performances, increase its input of resources in higher return businesses and reduce unnecessary expenditures to cut operating costs.

Despite the uncertainties and challenges, we are confident that the Group is more than capable of overcoming various difficulties. Leveraging on our excellent research and development team, extensive international network and outstanding sales services, along with a close connection with the government and private enterprises alike, the Company is equipped with core capacities and well positioned to continue to achieve great success.

On behalf of the board (the "Board") of directors (the "Directors"), I would like to express my sincere gratitude to the shareholders, customers, suppliers and business partners for their support throughout the years. Last but not least, 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 and contributions from each and every one of you that had resulted in the achievements we have today.

Wang Shih Zen
Chairman and Chief Executive Officer

FINANCIAL REVIEW, OPERATIONAL REVIEW AND BUSINESS OUTLOOK

FINANCIAL REVIEW

Revenue

Revenue decreased by approximately 7.72% from approximately US$148,293,000 in FY2011 to approximately US$136,839,000 in FY2012. The decrease was mainly due to the decrease in the Solution and Assembly segments during the year which was in line with the Group's strategy to reduce its electronics assembly business and redeploy its resources and core competencies in other areas of convergence technologies.

Gross profit

Gross profit decreased by approximately 48.21% from approximately US$13,746,000 in FY2011 to approximately US$7,119,000 in FY2012 and the gross profit margin decreased from approximately 9.27% in FY2011 to approximately 5.20% in FY2012. Such decrease in gross profit as well as gross profit margin was mainly due to the decrease in contribution from the Solution and Assembly segments.

Total assets

The total assets amounted to approximately US$148,583,000 as at 31 March 2012 comprised mainly of trade receivables, time deposits with original maturity over three months, prepayments, deposits and other receivables, financial assets at fair value through profit or loss and bank and cash balances. The increase in the total assets by approximately 7.25% was mainly due to the increase in prepayments for the purchase of inventories for Distribution and Marketing segment and time deposits with original maturity over three months.

Total liabilities

The total liabilities amounted to approximately US$38,005,000 as at 31 March 2012 comprised mainly of trust receipt loans, trade and bills payables and bank loans. The increase in the total liabilities amounted to approximately 8.98% was mainly due to more purchases financed by trust receipt loans during the year.

OPERATIONAL REVIEW

The Group had the following transactions during the year under review and up to the date of the Annual Report:

Acquisition of Yoho King Limited

Following the acquisition of 15% (subsequently diluted to 14.75% as disclosed on page 24 of the Company's Interim Report 2011) of the equity interest in Yoho King Limited ("Yoho King", together with its subsidiaries, "Yoho King Group") on 23 March 2010, Yoho King Group, via Kada Technology Holdings Limited ("Kada"), made an application to the Securities Commission of Malaysia for the initial public offering and listing of its shares on the Main Market of Bursa Malaysia Securities Berhad on 23 September 2010. The Board was later informed that Yoho King decided to discontinue the listing application in Malaysia due to the prevailing market conditions. In this respect, Yoho King had withdrawn its application for the listing on the Main Market of Bursa Malaysia Securities Berhad on 6 July 2011.

The Group was informed by the management of Kada that Kada is preparing for listing on the Alternative Investment Market in London in 2012.

The equity investment in Yoho King has been classified as financial assets at fair value through profit or loss and according to the valuation carried out by an independent professional valuer, the equity investment in Yoho King is stated at fair value of approximately US$17,150,000 and fair value gain of approximately US$605,000 has been recognised in the consolidated financial statements for the year ended 31 March 2012.

Co-operation agreements

The Group entered into a supply agreement and an announcement was made on 15 June 2011 with Jing Ying to provide multimedia handheld devices to Jing Ying. These products would be used as handheld personal entertainment devices for passengers on aircrafts to access to different electronic information, such as music, movies, television programs, e-magazines and advertisement media. The Directors of the Company believed that the supply agreement would provide the Group a good opportunity to enhance its customer portfolio in the new business segment and subject to the final results it would have a positive impact to the Group's business and financial performance.

On 4 July 2011, the Group announced that it had entered into a strategic cooperation agreement with China Potevio Company Limited 中國普天信息產業股份有限公司 ("China Potevio"). The Group and China Potevio would jointly develop a platform of energy saving business through promotion and implementation of comprehensive energy saving solution for the customers. The scope of services in the platform covers the whole range of energy saving services, such as energy audit, project design, equipment procurement, construction, equipment installation and testing, technical training, remote control set up and repair and energy saving verification. With strong support from the PRC government to promote energy saving industry, the Board believed that there was significant market potential for energy saving, environment protection and energy saving lighting business. The Group would have an opportunity to diversify its business into energy saving business and engage in research and development, manufacturing, promotion and sale of energy saving lighting products, and to broaden the Group's revenue base in the future.

FINANCIAL REVIEW, OPERATIONAL REVIEW AND BUSINESS OUTLOOK

Significant subsidiaries of the Company

The significant subsidiaries of the Company are CCDH Technology Limited, Zeus Telecommunication Technology Holdings Ltd., Tongqing Communication Equipment (Shenzhen) Co., Ltd., Max Sunny Limited, Loyal Power International Investment Limited and VIM Technology Macao Commercial Offshore 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 2012, the Group had current assets of approximately US$124,360,000 (2011: US$107,825,000) and current liabilities of approximately US$38,005,000 (2011: US$34,874,000) and total bank and cash balances other than restricted bank balances of approximately US$53,679,000 (2011: US$42,979,000). The Group's current ratio, being a ratio of current assets to current liabilities, was approximately 3.27 (2011: 3.09). The Group's gearing ratio, being a ratio of total debt to total assets, was approximately 19.54% (2011: 9.82%).

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

Capital commitments

As at 31 March 2012, the Group did not have any material capital commitments (2011: Nil).

Charge on assets

As at 31 March 2012, restricted bank deposits of approximately US$1,187,000 (2011: US$1,319,000) and structured deposits of approximately US$668,000 (2011: US$666,000) were placed with banks in Hong Kong (2011: Hong Kong and PRC) as the pledge for general banking facilities and bank loans.

As at 31 March 2011 and 2012, the Group's finance lease payables are secured by the lessor's title to the leased assets and corporate guarantees executed by certain subsidiaries of the Company and the Company.

Contingent liabilities

As at 31 March 2012, the Group did not have any material contingent liabilities (2011: Nil).

Employee information

As at 31 March 2012, the Group has 58 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

According to the statistics from International Data Corporation ("IDC"), the accumulated global shipments of mobile handsets in 2011 was approximately 1.54 billion units, representing an increase of 11.1% compared to 2010, which was down from the 18.7% year-on-year growth experienced in 2010. It demonstrates that the mobile handset growth is gradually slowing in 2011; part of the reason is attributable to the softening demand for feature phones. While sales of smartphones continued to drive mobile device market growth, smartphone shipment volumes reached 491.4 million units in 2011, capturing a double-digit growth of 61.3% from the 304.7 million units in 2010. However, the growth was still below 2010's year-on-year growth of 75.5%.

In China, the number of mobile handset subscribers is steadily growing, reaching approximately 1 billion as at 31 March 2012 and 3G subscribers reaching approximately 152 million. However, according to Gartner's research on Q1 2012 mobile market, there is a slowdown in demand of mobile device from the Asia/ Pacific region. A 2% decline of year-on-year worldwide sales of mobile phones is recorded in Q1 2012, which is the first decline during the global economic recession since the second quarter of 2009. Both the world's leading information technology research and advisory companies, Gartner and IDC made a downward adjustment to their 2012 forecast on the mobile phone market. The expectation for 2012 is an overall market growth by 7%, while smartphone growth is expected to slowdown to around 39%.

Despite the challenge, the mobile handset industry for 2012 is still promising. Gartner's analysts stated that the smartphone market has become highly commoditized and most players are hard to break the mould. Price is increasingly becoming the sole differentiator, leading to increased competition, low profitability and scattered market share. Thus, the Group's strategies are to focus on innovation and price competitiveness as it continuously strives to strengthen its research and development team on existing product intelligence, application of smart technologies and industry solutions of mobile handsets, in order to further build on its foundation.

The Group will continue to exercise due care in the pursuance of its existing business and furtherance of its development plans. It will closely monitor the latest development in the global economy and handset industry and adjust its business strategies from time to time if required.

DIRECTORS' AND MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Mr. Wang Shih Zen ("Mr. Wang"), aged 51, is a controlling shareholder, Chairman and Chief Executive Officer ("CEO") 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 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 wireless dispatching system, 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 (the "HKSE"), 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.

Ms. Wang Tao ("Ms. Wang"), aged 39, 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 18 August 2011. 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.

DIRECTORS' AND MANAGEMENT PROFILE

Mr. Lu Shangmin ("Mr. Lu"), aged 49, 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

Mr. David Lim Teck Leong ("Mr. Lim"), aged 55, is a non-executive Director. He was appointed as an independent Director on 28 October 2008 and re-designated as a non-executive Director on 3 February 2010. Mr. Lim was last re-elected on 30 July 2009. Mr. Lim is the Managing Partner of David Lim & Partners, Singapore and a Commissioner for Oaths and Notary Public and a fellow member of the Singapore Institute of Directors. He currently serves as an independent and non-executive director of LH Group Limited and Samudera Shipping Line Ltd.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Kam Loon ("Mr. Chan"), aged 51, was appointed as an independent non-executive Director on 24 September 2007 and was last re-elected on 18 August 2011. 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 serves on the board of several other companies listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST").

Mr. Guo Yanjun ("Mr. Guo"), aged 59, was appointed as an independent non-executive Director on 24 September 2007 and was last re-elected on 18 August 2011. 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.

Mr. Lo Hang Fong ("Mr. Lo"), aged 48, was appointed as an independent non-executive Director on 3 February 2010 and was re-elected on 30 July 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 HKSE.

DIRECTORS' AND MANAGEMENT PROFILE

Mr. Tham Wan Loong, Jerome ("Mr. Tham"), aged 54, was appointed as an independent non-executive Director on 3 May 2010 and was re-elected on 30 July 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 the executive director and Interim CEO of China Gaoxian Fibre Fabric Holdings Limited, a company listed on the main board of SGX-ST.

SENIOR MANAGEMENT

Mr. Siu Yun Tang ("Mr. Siu"), aged 46, is the Group's Chief Financial Officer ("CFO") and the company secretary of the Company. Mr. Siu is a fellow member of the Associate of Chartered Certified Accountants, an associated member of the Hong Kong Institute of Certified Public Accountants and a Certified Tax Advisor. He has obtained a master degree in business administration from the University of Strathclyde in the United Kingdom. He has over 15 years of experience in auditing, accounting and financial management and he joined the Group in June 2011.

CORPORATE GOVERNANCE REPORT

The Board and senior management of 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 HKSE. This report outlines the main corporate governance practices and processes that were in place throughout the financial year under review. The Board will be reviewing, and where necessary, adopting the recommendations made by the Corporate Governance Council Singapore on the Code of Corporate Governance (the "2012 Code") which is effective in respect of the Company's Annual Report for the financial year ending 31 March 2014.

The Board confirms that the Company has generally adhered to the principles and guidelines of the Singapore Code and the Hong Kong Code (where they are applicable, relevant and practicable to the Group).

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 CEO)*
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

CORPORATE GOVERNANCE REPORT

The Board, in addition to its statutory responsibilities, 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 Group to meet its objectives as well as to protect and maximise shareholders' wealth in the long term. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, which includes:

1. setting the corporate strategy and directions to ensure that the necessary financial and human resources are in place for the Group to achieve its objectives, and monitoring the performance of management towards achieving adequate shareholders' value;

2. approving annual budgets, major funding proposals, investment and divestment proposals, material acquisitions and disposal of assets and interested person transactions of a material nature;

3. overseeing the processes related to risk management and adequacy of internal controls, financial reporting and compliance, including the release of financial results and timely announcements of material transactions;

4. advising management on major policy initiatives and significant issues;

5. evaluating the performance and compensation of Directors and the Group's senior management;

6. approving all Board appointments and appointments of key personnel; and

7. overseeing the proper conduct of the Company's business and assuming responsibility for corporate governance.

The Board is supported by three sub-committees (collectively the "Committees"), 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. These meetings are scheduled in advance to facilitate Directors' individual arrangements in respect of going commitments. 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 meetings of the Board, four meetings of the AC, one meeting of the NC and one meeting of the RC were held in FY2012 respectively. Out of the six Board Meetings held during FY2012, two of which were held in relation to the grant of share options pursuant to Z-Obee Holdings Limited Employee Share Option Scheme 2010 (the "2010 Scheme"). The Directors who were granted share options pursuant to 2010 Scheme did not attend the relevant Board meetings. The Directors who attended these two meetings are independent of the grant of options.

The attendances of the Directors at meetings of the Board and Board Committees in FY2012 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	5	4	N/A	N/A	N/A	N/A	N/A	N/A
Lu Shangmin	5	5	N/A	N/A	N/A	N/A	N/A	N/A
David Lim Teck Leong	5	5	4	4	1	1	1	1
Chan Kam Loon	5	5	4	4	1	1	1	1
Guo Yanjun	5	5	4	4	1	1	1	1
Lo Hang Fong	5	3	4	2	1	1	1	1
Tham Wan Loong, Jerome	5	5	4	4	1	1	1	1

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 Committees can be addressed through electronic means and the circulation of written resolutions for approval by the respective members of the Board or Board Committees.

The Board is kept informed of the new updates regarding the requirements of the SGX-ST and other statutory and regulatory requirements from time to time.

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 who is a substantial shareholder 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 10 to 12 of this Annual Report.

The size and composition of the Board will be reviewed annually by the NC to ensure that the size of the Board is appropriate so as to facilitate effective decision making. The review will also ensure that there is an appropriate mix of expertise and experience which the Group may tap on for assistance in furthering its business objectives and shaping into business strategies. 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. industry knowledge, 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.

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 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 this 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 PRC, a CEO of the Company is usually also the executive Chairman. As the Group's business and operations are based in the PRC, Mr. Wang Shih Zen's dual role as executive Chairman and CEO will enable the Group to conduct its business more efficiently and to ensure that the decision-making process would not be unnecessarily hindered. 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 Chairman 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 Shih Zen 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 meetings 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 meetings respectively in consultation with the CFO.

Mr. Chan Kam Loon was appointed as lead independent non-executive 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 CFO.

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 or appointed during the year for re-election in the annual general meeting (the "AGM") of the Company, having regard to their contribution and performance;

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, bearing in mind the amendments set forth in the Code and any other salient factors.

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 during the year 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. The independent non-executive Directors are re-appointed in accordance with the provision of the Company's Bye-Laws as specified above.

The NC, having considered the attendance and participation of the following Directors at Board and Board Committees meetings, in particular, their contributions to the business and operations of the Company as well as Board processes, had recommended to the Board the re-election of the following Directors who will be retiring at the forthcoming AGM:

1. Mr. Wang Shih Zen
2. Mr. David Lim Teck Leong
3. Mr. Lu Shangmin

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

Each member of the NC shall abstain from voting on any resolution and making recommendations and/or participating in respect of his re-election as Director. Accordingly, Mr. Wang Shih Zen and Mr. David Lim Teck Leong, being interested, have abstained from deliberation and discussions on the matter.

The NC had 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.

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.

The Company will provide a formal letter of appointment to the newly appointed non-executive Directors, setting out the director's duties and obligations and terms of appointment whereas executive Directors will be provided with service agreements setting out their terms of office and terms and conditions of appointment. The service agreement is reviewed and subject to the RC's recommendation, be renewed on a yearly basis, after the expiry of the 1st term of appointment or unless terminated by either party.

The NC has reviewed confirmations from the non-executive Directors of their independence and considered the independence of Board members with reference to the guidelines as set out in the Singapore Code and Hong Kong Code. The NC, with the concurrence of the Board, 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 outlined in the Singapore Code and Hong Kong Code.

Mr. David Lim Teck Leong is a partner of a law firm which provides legal services to the Group. In view of this, he is to be considered not independent as contemplated by the Hong Kong Code.

Saved as disclosed, none of the non-executive Directors are related and do not have any relationship with the Company or its related companies or its officers who could interfere or be reasonably perceived to interfere with the exercise of their independent judgements. The Board concurred with the NC's views.

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 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.

During the year, an evaluation of the Board performance had been conducted. The evaluation exercise provided feedback from each Director, his views on the Board process and procedures as well as the effectiveness of the Board as a whole.

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 FY2012, which indicated areas of strengths and those that could be improved further. No significant problems were identified. The NC had discussed the results with the Board members who agreed to work on those areas that could be improved further. 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 financial and operational reports from the senior management of the Group. Prior to each meeting, the Board is provided with sufficient and relevant information regarding matters to be discussed in the Board and Board Committees meetings for decision making purposes. The Chairman/CEO keeps Board members abreast of key developments affecting the Group as well as material transaction in order that the Board is fully aware of the affairs of the Group. The CEO and senior management are present at Board meetings to address any queries which the Board may have. 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 management and the company secretaries at all times. The company secretaries attend all Board and Committees meetings and assist the Board in 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 (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.

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. The members are 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 Director and senior management. In the case of service contracts, to consider what compensation commitments in the Directors' contracts if service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance;

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 (excluding equity-settled share-based payments) in FY2012 are set out below:

Name	Fees	Salaries and allowances	Total
Mr. Wang Shih Zen	–	100%	Band A
Ms. Wang Tao	–	100%	Band A
Mr. Lu Shangmin	–	100%	Band A
Mr. David Lim Teck Leong	100%	–	Band A
Mr. Chan Kam Loon	100%	–	Band A
Mr. Guo Yanjun	100%	–	Band A
Mr. Lo Hang Fong	100%	–	Band A
Mr. Tham Wan Loong, Jerome	100%	–	Band A

Band A: Below S$250,000

B. The remuneration of the top three 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 FY2012.

The RC, with the concurrence of the Board, is of the view that the current remuneration of the non-executive Directors is appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors. Other than Directors' fees, which have to be approved by shareholders at every AGM, the non-executive Director and independent non-executive Directors do not receive any other forms of remuneration from the Company.

The service agreement of an 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 30 of the Annual Report under the Report of the Directors. The RC will carry out an annual review of the executive Directors and senior management's remuneration packages to ensure that their remuneration commensurate with their performance, giving due regard to the financial health and business needs of the Group. The RC had delegated the review of senior management's remuneration package to the Chairman/CEO who would submit his recommendation to the RC at year end. For FY2012, the RC is satisfied with the executive Directors and senior management's remuneration packages. The Board had approved the recommendation accordingly. External professional advice may be sought by the RC, when required.

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. The remuneration packages are set such that the Directors are adequately but not excessively remunerated compared to other comparable companies in the industry in view of prevail market condition. 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 2010 Scheme was put in place for incentive purposes and had been approved by the shareholders in a special general meeting held on 11 February 2010. The RC is responsible for administering the 2010 Scheme, details of the 2010 Scheme are set out in note 36 of the notes 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 2013, 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 members of the AC, including its Chairman are independent non-executive Directors. The AC members 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 internal and external auditors' findings, management's response thereto and evaluate the internal controls on the Group's critical business processes and any matters which the internal auditors and/or external auditors 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 auditors' report on those financial statements;

3. review the assistance given by management to the Group's external auditors;

4. evaluate the cost effectiveness, independence and objectivity of the external auditors 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 internal and external auditors 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 which provides well-defined and accessible channels in the Group through which 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 FY2012.

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 has unrestricted access to the AC.

For FY2012, the AC has:

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

    The external auditors have confirmed that they had received full co-operation from management and no restrictions were placed on the scope of the audit;

(ii) conducted a review of the non-audit services provided by the external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors as well as the cost effectiveness of the audit before confirming their re-nomination. The following fees amounting to US$224,815 were approved:

Audit fees	US$205,856
Non-Audit fees	US$18,959

The external auditors had also confirmed their independence in this respect.

(iii) recommended the re-appointment of Messrs RSM Nelson Wheeler, Certified Public Accountants, Hong Kong, as the Company's Auditors to satisfy the Main Board Listing Rules of the HKSE and to appoint Messrs RSM Chio Lim LLP, Certified Public Accountants, Singapore, to act jointly with Messrs RSM Nelson Wheeler for the purpose of compliance with Rule 712 of the Listing Manual of the SGX-ST in relation to the appointment of a suitable auditing firm to meet the Company's audit obligations at the forthcoming AGM.

Together with the supervisory and professional staff assigned to the audit of the Group, the AC was satisfied that the resources and experience of Messrs RSM Nelson Wheeler, the audit engagement partner and her team assigned to the audit were adequate to meet its audit obligations given the size and complexity of the Group.

(v) Pursuant to Rule 716 of the Listing Manual of the SGX-ST, the AC and the Board are satisfied that the appointment of Shenzhen Jiatai Certified Public Accountants, Witfull CPAs, Shenzhen and Keng Ou CPAs to audit the statutory financial statements of Zeus Telecommunication Technology Holdings Ltd. (a PRC subsidiary of the Group), Tongqing Communication Equipment (Shenzhen) Co., Ltd (a PRC subsidiary of the Group) and VIM Technology Macao Commercial Offshore Limited (a Macau subsidiary of the Group) respectively, would not compromise the standard and effectiveness of the audit of the Company.

Although RSM Nelson Wheeler was not appointed as the statutory auditor of these three subsidiaries for the issuance of local statutory financial statements, they have performed adequate audit work on all group companies independently, including these three subsidiaries, in forming their audit opinion in FY2012. Please refer to note 19 to the financial statements of status of issuance of statutory audited financial statements of each group companies.

Internal controls and internal audit

The Group has outsourced its internal audit function to Ascenda Cachet CPA Limited (the "Internal Auditor"). The Internal Auditor reports directly to the AC Chairman.

The role of the Internal Auditor is to support the AC in ensuring that the Group maintains a sound system of internal controls by monitoring and assessing the effectiveness of key controls and procedures, conducting in-depth audits of high risk areas and undertaking investigations as directed by the AC.

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 of the notes to the financial statements.

The AC, together with the assistance of the internal and external auditors, reviews the adequacy of the Company's internal financial controls, operational and compliance controls, and risk management policies and systems and if the internal audit functions are sufficiently resourced and able to perform its function effectively and objectively. For FY2012, the AC is satisfied with the adequacy of the internal audit function.

The Board recognises that no internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

As recommended by the SGX-ST, an opinion of the Board with the concurrence of the AC on the adequacy of the internal controls, addressing financial, operational and compliance risks is set out in the Report of the Directors under page 35 of the Annual Report.

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 has adopted a Shareholders Communication Policy ("Policy") during FY2012 which aims to set out the provisions with the objective of ensuring that the shareholders, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company.

The meeting of the shareholders of the Company (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.

All votes of the shareholders at the shareholders' meeting will be taken by poll. Poll results will be posted on the websites of SGX-ST and HKSE following the shareholders' meeting.

CORPORATE GOVERNANCE REPORT

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 on short-term considerations and 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 one day after the release of the announcement of the respective results and price-sensitive information. 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 Rule 1207(19) of the Listing Manual of the SGX-ST for FY2012.

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 nonrelated persons under similar circumstances.

Save as disclosed in note 40 of the notes to the financial statements, there were no material IPTs and CTs and shareholders' mandate adopted during FY2012.

Material contracts

Save for the following, there were no material contracts of the Group involving the interests of the executive officers, Directors or its controlling shareholders during FY2012:

(i) letters of appointment 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 40 of the notes to the financial statements.

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

Uses	Proceeds allocated US$'000	Amounts deployed as of 31 March 2012 US$'000	Balance to be deployed US$'000
Purchase of hardware for research and development of 3G and CDMA handset solutions	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 approximately US$1,808,000 was fully used for general working capital purpose as of 31 March 2012.

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 28 of the Annual Report under the Report of the Directors.

Use of proceeds from the issue of Taiwan Depositary Receipts ("TDRs") in Taiwan

The net proceeds from the issue of the 40,000,000 new shares of the Company in relation to the TDRs amounted to approximately US$12,910,000 have fully been used for the working capital purpose as of 31 March 2012.

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements of the Company and the Group for FY2012.

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.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 March 2012 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 38 to 41.

The Directors did not recommend any dividend for FY2012.

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 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 2012 in accordance with the proposed applications set out in the Company's listing prospectus dated 12 February 2010, as follows:

Uses	Proceeds allocated US$'000	Amounts deployed as of 31 March 2012 US$'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	(156)	6,606
Strengthen the brand awareness of "VIM" or in Chinese "偉恩" in the mobile handset market in the PRC	6,762	(643)	6,119
For working capital and other general corporate purpose	1,653	(1,653)	–
Total	16,696	(2,452)	14,244

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements, is set out on pages 101 to 102. 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

The movement in the reserves of the Group during FY2012 are set out in the consolidated statement of comprehensive income and consolidated statement of changes in equity. The movements in the reserves of the Company during FY2012 are set out in note 35(b) to the financial statements.

DISTRIBUTABLE RESERVES

As at 31 March 2012, 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 92.19% of the total sales for the year and sales to the largest customer included therein amounted to approximately 33.28%. Purchases from the Group's five largest suppliers accounted for approximately 83.13% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 32.44%.

None of the Directors 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.

REPORT OF THE DIRECTORS

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

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

In accordance with Bye-Law 86 of the Company's Bye-Laws, Mr. Wang Shih Zen, Mr. Lu Shangmin and Mr. David Lim Teck Leong, appointed by the Board will retire and, being eligible, will offer themselves for re-election at the forthcoming AGM.

The Company has received annual confirmations of independence from each of its independent non-executive Directors and considers them to be independent under Rule 3.13 of 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 and the senior management of the Group are set out on pages 10 to 12 of the Annual Report.

DIRECTORS' SERVICE AGREEMENT

Both Mr. Wang Shih Zen and Ms. Wang Tao have renewed their service agreement with the Company for a further term of 3 years commencing 25 September 2010, 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.

Mr. Lu Shangmin has a service agreement with the Company for a term of three years which commenced on 13 November 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 AGM 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

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 40 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

As at 31 March 2012, 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 HKSE pursuant to the Model Code for Securities Transactions by Directors, 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)	31,406,500	153,310,250	184,716,750	29.06%

Note:

(a) Mr. Wang Shih Zen held 200,000 shares through HKSCC Nominees Ltd. Together with his direct holdings of 31,206,500 shares, Mr. Wang held 31,406,500 shares, representing 4.94% of the issued share capital of the Company. 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 Shih Zen is deemed to be interested in Wise Premium Limited's 153,310,250 shares in the capital of the Company.

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

Save as disclosed above, as at 31 March 2012, 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 HKSE pursuant to the Model Code for Securities Transactions by Directors.

There was no change in any of the abovementioned interests between the end of the financial year and 21 April 2012. 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 OPTIONS

At a special general meeting held on 11 February 2010, the shareholders had approved the adoption of 2010 Scheme.

The 2010 Scheme is administered by the RC, comprising of the following members:

Mr. Guo Yanjun	*(Chairman of the RC and independent non-executive Director)*
Mr. Chan Kam Loon	*(Independent non-executive Director)*
Mr. Lo Hang Fong	*(Independent non-executive Director)*
Mr. Tham Wan Loong, Jerome	*(Independent non-executive Director)*
Mr. David Lim Teck Leong	*(Non-executive Director)*
Mr. Wang Shih Zen	*(Executive Director)*

Details of the options granted to the Directors who are eligible to participate under the 2010 Scheme as at 31 March 2012 are as follows:

Name of Participant	Options granted during financial year under review	Aggregate options granted since commencement of scheme to end of financial year under review	Aggregate options exercised since commencement of scheme to end of financial year under review	Aggregate options outstanding as at end of financial year under review
Mr. Lu Shangmin	600,000	600,000	–	600,000
Mr. David Lim Teck Leong	600,000	600,000	–	600,000
Mr. Chan Kam Loon	600,000	600,000	–	600,000
Mr. Guo Yanjun	600,000	600,000	–	600,000
Mr. Lo Hang Fong	600,000	600,000	–	600,000
Mr. Tham Wan Loong, Jerome	600,000	600,000	–	600,000

Pursuant to the 2010 Scheme, there were 2,400,000 share options granted to four of the above Directors on 6 January 2012 at the exercise price of HK$0.72 and 1,200,000 share options granted to another two Directors of the Company on 19 March 2012 at the exercise price of HK$1.11. These options expire on 10 February 2020 and the vesting period of an option shall be exercisable in whole or part (provided that an option may be exercised in part only in respect of 1,000 shares or any multiple thereof), at any time, after the first anniversary from the date of grant.

Details of the options granted to the participants who received 5% or more of the total number of options available under the 2010 Scheme as at 31 March 2012 are as follows:

Name of Participant	Options granted during financial year under review	Aggregate options granted since commencement of scheme to end of financial year under review	Aggregate options exercised since commencement of scheme to end of financial year under review	Aggregate options outstanding as at end of financial year under review
Mr. Siu Yun Tang	600,000	600,000	–	600,000
Ms. Tse Kwai Ha	6,000,000	6,000,000	–	6,000,000

Since the commencement of the 2010 Scheme to the end of the financial year ended 31 March 2012 and saved as disclosed:

(a) no options were granted to the controlling shareholders of the Company and their associates;
(b) no participant other than those disclosed above has received 5% or more of the total options available under the 2010 Scheme; and
(c) no options were granted at a discount.

Further details of the 2010 scheme are disclosed in note 36 to the financial statements.

OTHER SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 March 2012, 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	153,310,250	24.12%
Ms. Kang Ling Hoi	(b)	Deemed interest	184,716,750	29.06%

Notes:

(a) 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 Shih Zen is deemed to be interested in Wise Premium Limited's 153,310,250 shares in the capital of the Company.

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

Save as disclosed above, as at 31 March 2012, no person, other than the Directors, 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 40 to the financial statements, there were no material interested person transactions (as defined under the Listing Manual of 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 pages 13 to 27.

COMPLIANCE WITH RULE 1207(10) OF THE LISTING MANUAL OF THE SGX-ST

The AC has reviewed the overall scope of both internal and external audits and the assistance given by the Management to the auditors. The AC has also met with the Company's internal and external auditors for FY2012 to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls. Details on the duties and functions carried out by the AC, adequacy of the internal controls and internal audit during FY2012 are set out under pages 22 to 24 of the Corporate Governance Report.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the AC and the Board are of the opinion that the Group's internal controls, addressing financial, operational and compliance risks, were adequate as at 31 March 2012.

EVENTS AFTER THE REPORTING PERIOD

Up to the date of this report, there were no significant events after the reporting period.

AUDITOR

RSM Nelson Wheeler, Certified Public Accountants, Hong Kong, retires and has expressed their willingness to accept their re-appointment as auditors. A resolution for the re-appointment RSM Nelson Wheeler as the Company's auditors and the appointment of RSM Chio Lim LLP, Certified Public Accountants, Singapore, to act jointly with RSM Nelson Wheeler for the purpose of compliance with Rule 712 of the Listing Manual of the SGX-ST will be proposed at the forthcoming AGM.

ON BEHALF OF THE BOARD

Chairman

Hong Kong
15 June 2012

INDEPENDENT AUDITOR'S REPORT

RSM Nelson Wheeler
中瑞岳華(香港)會計師事務所
Certified Public Accountants

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") and its subsidiaries (collectively referred to as the "Group") set out on pages 38 to 100, which comprise the consolidated and Company statements of financial position as at 31 March 2012, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2012, and of the Group's results and cash flows for the year then ended in accordance with International Financial Reporting Standards 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
Maria Tsang

15 June 2012

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2012

	Note	2012 US$	2011 US$
Revenue	6	**136,838,712**	148,293,097
Cost of goods sold		**(129,719,413)**	(134,546,713)
Gross profit		**7,119,299**	13,746,384
Other income	7	**4,037,980**	1,336,874
Selling and distribution costs		**(153,950)**	(545,161)
Administrative expenses		**(4,083,465)**	(4,766,386)
Profit from operations		**6,919,864**	9,771,711
Finance costs	9	**(644,901)**	(612,122)
Fair value gains on financial assets at fair value through profit or loss		**283,189**	5,870,818
Impairment loss on property, plant and equipment		**(399,250)**	–
Impairment loss on non-current assets classified as held for sale		**(149,687)**	–
Impairment loss on intangible assets		**–**	(833,334)
Impairment loss on available-for-sale financial asset		**–**	(747,498)
Profit before tax		**6,009,215**	13,449,575
Income tax expense	11	**(872,477)**	(2,010,662)
Profit for the year attributable to owners of the Company	12	**5,136,738**	11,438,913

		US cents	US cents
Earnings per share			
Basic	15	**0.81**	1.88
Diluted	15	**0.81**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	2012 US$	2011 US$
Profit for the year	**5,136,738**	11,438,913
Other comprehensive income:		
Reclassification adjustment arising from release of foreign currency translation reserve directly associated with winding up of a subsidiary	**–**	(103,457)
Exchange differences on translating foreign operations	**1,674,398**	2,048,017
Other comprehensive income for the year, net of tax	**1,674,398**	1,944,560
Total comprehensive income for the year attributable to owners of the Company	**6,811,136**	13,383,473

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	Note	2012 US$	2011 US$
Non-current assets			
Property, plant and equipment	16	**4,360,077**	9,363,319
Intangible assets	17	**163,954**	226,748
Goodwill	18	**1,377,449**	1,539,331
Financial assets at fair value through profit or loss	20	**18,321,743**	18,038,554
Available-for-sale financial asset	21	**–**	1,540,762
		24,223,223	30,708,714
Current assets			
Inventories	22	**4,372,686**	11,062,818
Trade receivables	23	**44,934,212**	50,398,808
Prepayments, deposits and other receivables	24	**19,762,813**	1,784,517
Derivative financial instruments	25	**424,205**	280,669
Time deposits with original maturity over three months	26	**43,207,446**	28,763,424
Restricted bank balances	27	**1,186,929**	1,318,972
Bank and cash balances	27	**10,471,864**	14,215,803
		124,360,155	107,825,011
Current liabilities			
Trade and bills payables	28	**5,605,963**	17,463,873
Accruals and other payables	29	**2,631,005**	1,877,760
Bank loans	30	**3,683,935**	3,962,639
Trust receipt loans	31	**24,152,509**	7,772,450
Finance lease payables	32	**1,199,993**	1,867,002
Current tax liabilities		**731,144**	1,929,970
		38,004,549	34,873,694
Net current assets		**86,355,606**	72,951,317
NET ASSETS		**110,578,829**	103,660,031
Capital and reserves			
Share capital	34	**5,084,590**	5,084,590
Reserves	35(a)	**105,494,239**	98,575,441
TOTAL EQUITY		**110,578,829**	103,660,031

STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	Note	2012 US$	2011 US$
Non-current assets			
Investment in a subsidiary	19	**2,650,483**	2,570,694
Current assets			
Due from subsidiaries	19	**58,398,972**	57,307,259
Prepayments, deposits and other receivables	24	**48,827**	31,987
Bank and cash balances	27	**7,542**	1,849,132
		58,455,341	59,188,378
Current liabilities			
Accruals and other payables	29	**323,449**	229,403
		323,449	229,403
Net current assets		**58,131,892**	58,958,975
NET ASSETS		**60,782,375**	61,529,669
Capital and reserves			
Share capital	34	**5,084,590**	5,084,590
Reserves	35(b)	**55,697,785**	56,445,079
TOTAL EQUITY		**60,782,375**	61,529,669

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2012

	Attributable to owners of the Company						
	Share capital US$	Share premium US$ (Note 35(c)(i))	Share-based payments reserve US$ (Note 35(c)(ii))	Foreign currency translation reserve US$ (Note 35(c)(iii))	Reserve funds US$ (Note 35(c)(iv))	Retained profits US$	Total equity US$
As at 1 April 2010	4,764,590	45,974,768	–	1,552,463	1,512,349	23,562,620	77,366,790
Total comprehensive income for the year	–	–	–	1,944,560	–	11,438,913	13,383,473
Issue of shares in relation to the listing of the Taiwan Depositary Receipts on the Taiwan Stock Exchange Corporation	320,000	12,589,768	–	–	–	–	12,909,768
Transfer to reserve funds	–	–	–	–	372,909	(372,909)	–
Changes in equity for the year	320,000	12,589,768	–	1,944,560	372,909	11,066,004	26,293,241
As at 31 March 2011 and 1 April 2011	5,084,590	58,564,536	–	3,497,023	1,885,258	34,628,624	103,660,031
Total comprehensive income for the year	–	–	–	1,674,398	–	5,136,738	6,811,136
Equity-settled share-based payments	–	–	107,662	–	–	–	107,662
Transfer to reserve funds	–	–	–	–	42,367	(42,367)	–
Changes in equity for the year	–	–	107,662	1,674,398	42,367	5,094,371	6,918,798
As at 31 March 2012	5,084,590	58,564,536	107,662	5,171,421	1,927,625	39,722,995	110,578,829

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2012

	Note	2012 US$	2011 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**6,009,215**	13,449,575
Adjustments for:			
Finance costs		**644,901**	612,122
Interest income		**(1,399,951)**	(538,323)
Dividend income from financial assets at fair value through profit or loss		**(1,478,591)**	–
(Reversal of impairment loss)/impairment loss on prepayments, deposits and other receivables		**(192,284)**	187,637
Impairment loss on intangible assets		**–**	833,334
Impairment loss on available-for-sale financial asset		**–**	747,498
Impairment loss on inventories		**161,989**	153,651
Impairment loss on goodwill		**219,547**	–
Impairment loss on property, plant and equipment		**399,250**	–
Impairment loss on non-current assets classified as held for sale		**149,687**	–
Fair value gains on financial assets at fair value through profit or loss		**(283,189)**	(5,870,818)
Loss on winding up of a subsidiary		**–**	4,177
Fair value gains on derivative financial instruments		**(143,536)**	(54,669)
Depreciation of property, plant and equipment		**1,176,421**	1,440,252
Amortisation of intangible assets		**70,416**	893,484
Loss on disposals of property, plant and equipment		**218,348**	57,366
Loss on disposal of available-for-sale-financial asset		**15,633**	–
Equity-settled share-based payments		**107,662**	–
Operating profit before working capital changes		**5,675,518**	11,915,286
Decrease/(increase) in inventories		**6,595,311**	(4,564,073)
Decrease/(increase) in trade receivables		**5,514,222**	(17,899,607)
(Increase)/decrease in prepayments, deposits and other receivables	37	**(15,386,131)**	7,264,257
(Decrease)/increase in trade and bills payables		**(11,884,370)**	5,831,012
Increase/(decrease) in accruals and other payables		**714,201**	(179,201)
Cash (used in)/generated from operations		**(8,771,249)**	2,367,674
Interest paid		**(644,901)**	(612,122)
Income tax paid		**(2,109,851)**	(2,069,207)
Net cash used in operating activities		**(11,526,001)**	(313,655)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2012

	2012 US$	2011 US$
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**896,145**	305,908
Dividend received from financial assets at fair value through profit or loss	**1,478,591**	–
Purchases of property, plant and equipment	**(33,880)**	(734,336)
Purchases of intangible assets	**–**	(91,572)
Purchases of financial assets at fair value through profit or loss	**–**	(7,192,673)
Proceeds from disposals of property, plant and equipment	**3,012,916**	6,143
Proceeds from disposal of a jointly controlled entity classified as held for sale	**–**	821,294
Increase in time deposits with original maturity over three months	**(13,202,891)**	(12,287,954)
Decrease in restricted bank balances	**135,414**	2,537,136
Net cash used in investing activities	**(7,713,705)**	(16,636,054)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank loans raised	**5,230,955**	2,424,108
Repayment of bank loans	**(5,604,556)**	(5,199,882)
Repayment of other loans	**–**	(457,652)
Repayment of finance lease payables	**(667,009)**	(1,285,759)
Increase in trust receipt loans	**16,380,059**	18,698
Net proceeds from issue of shares in relation to the listing of the Taiwan Depositary Receipts on the Taiwan Stock Exchange Corporation	**–**	12,909,768
Net cash generated from financing activities	**15,339,449**	8,409,281
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(3,900,257)**	(8,540,428)
Effect of foreign exchange rate changes	**156,318**	336,735
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**14,215,803**	22,419,496
CASH AND CASH EQUIVALENTS AT END OF YEAR	**10,471,864**	14,215,803
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	**10,471,864**	14,215,803

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 Unit E, 26/F., Legend Tower, 7 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong.

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

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. Since 3 December 2010, 80,000,000 units of Taiwan Depositary Receipts ("TDRs"), comprising 40,000,000 new shares of the Company and 40,000,000 existing shares held by certain owners of the Company, have been listed on the Taiwan Stock Exchange Corporation (the "TSWE").

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") that are relevant to its operations and effective for its accounting year beginning on 1 April 2011. IFRSs comprise International Financial Reporting Standards; International Accounting Standards ("IAS"); and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

(a) Consolidation

The consolidated financial statements include the financial statements of the 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 consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

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

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.

(b) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated income statement as a gain on bargain purchase which is attributed to the Company.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy 3(z) below. Impairment losses of goodwill are recognised in 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in 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 on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in 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 non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in consolidated income statement, any exchange component of that gain or loss is recognised in the consolidated income statement.

(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 gain or loss on disposal.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) 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:

Land and building	5%
Plant and machinery	10%
Furniture, fixtures, equipment, motor vehicles and leasehold improvements	20%

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.

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.

(e) Leases

The Group as lessee

(i) Operating leases

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

(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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Leases *(continued)*

The Group as lessee (continued)

(ii) Finance leases (continued)

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 over the shorter of the lease term and their estimated useful lives.

The Group as lessor

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(f) Research and development expenditure

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

(g) License and CDMA software solutions

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.

(h) 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.

(i) Recognition and derecognition of financial instruments

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Investments

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

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

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

Financial assets at fair value through profit or loss are either investments classified as held for trading or designated as at fair value through profit or loss upon initial recognition. These investments are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in 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 other comprehensive income, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in 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)*

(k) Trade and other receivables

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

(l) 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.

(m) Financial liabilities and equity instruments

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

(n) Borrowings

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Financial guarantee contract liabilities

The Company has issued several guarantees to several banks for banking facilities granted to its subsidiaries. These guarantees are financial guarantee contract liabilities 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 guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:

– the amount of the obligations under the contracts, as determined in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and

– the amount initially recognised less cumulative amortisation recognised in the consolidated income statement on a straight-line basis over the terms of the guarantee contracts.

(p) Trade and other payables

Trade and other payables are stated initially at their fair values 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.

(q) Equity instruments

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

(r) Derivative financial instruments

Derivatives are initially recognised and 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 each reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Dividends

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.

(t) 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 its components and electronic components and assembly of mobile handset and computer tablets 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.

Dividend income is recognised when the shareholders' rights to receive payment are established.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) 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) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(iv) Key management personnel

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

(v) Share-based payments

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(w) 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.

(x) 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 recognised 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 never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(x) Taxation *(continued)*

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.

(y) Related parties

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

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

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

(B) has significant influence over the Group; or

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(y) Related parties *(continued)*

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

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

(F) The entity is controlled or jointly controlled by a person identified in (i).

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

(z) 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 and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("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 are 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(aa) 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.

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) Fair value of equity interest in Yoho King Limited ("Yoho King") and its subsidiaries (collectively known as "Yoho King Group")

In the absence of quoted market prices in an active market, the Directors appointed an independent professional valuer to assess the fair value of equity interest of Yoho King Group held by the Group. In determining the fair values, the valuer has utilised a method of valuation which involves certain estimates. The directors have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Where the outcome is different from the estimation, such differences will impact the carrying amount of the financial assets at fair value through profit or loss and the respective fair value gain or loss of the financial asset in the reporting period in which such estimation has been changed. The carrying amount of the Group's investment in Yoho King Group as at 31 March 2012 was US$17,150,000 (2011: US$16,545,000) and the fair value gain on the Group's investment in Yoho King Group recognised for the year ended 31 March 2012 was US$605,000 (2011: US$5,714,025).

(b) 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 2012 was US$1,377,449 (2011: US$1,539,331) after an impairment loss of US$219,547 (2011: Nil) was recognised in the consolidated income statement during the year.

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(continued)*

Key sources of estimation uncertainty *(continued)*

(c) *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.

(d) *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.

(e) *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 Group assessed the recoverable amounts of certain plant and machinery directly associated with the assembly operation during the year. In determining the recoverable amounts, a method of valuation which involves certain estimates has been utilised. The Directors have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. The carrying amount of these plant and machinery as at 31 March 2012 was US$2,214,968 (2011: US$2,917,837) after an impairment loss of US$399,250 was recognised in the consolidated income statement during the year.

(f) *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 amount of the trade and other receivables and doubtful debt expenses in the reporting period in which such estimate has been changed.

(g) *Impairment of obsolete inventories*

The Group makes impairment of obsolete inventories based on an assessment of the utilisation of the inventories. Impairment 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 actual result is different from the original estimate, such difference will have impact on the carrying amount of inventories and impairment of obsolete inventories in the reporting period in which such estimate has been changed.

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(continued)*

Key sources of estimation uncertainty *(continued)*

(h) 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 will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

The carrying amount of the unlisted investment as detailed in note 20(c) to the financial statements, time deposits with original maturity over three months, restricted bank balances, 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 unlisted investment as detailed in note 20(c) to the financial statements, bank balances and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

5. FINANCIAL RISK MANAGEMENT *(continued)*

(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 following tables show the remaining contractual maturities at the end of the reporting period of the Group's bank borrowings and other financial liabilities, based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay.

Specifically, for term loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank borrowings is prepared based on the scheduled repayment dates.

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

	On demand US$	Within 1 year US$	Total US$
As at 31 March 2012			
Financial liabilities subject to a repayment on demand clause			
Bank loans	**835,158**	**–**	**835,158**
Trust receipt loans	**24,152,509**	**–**	**24,152,509**
Finance lease payables	**1,199,993**	**–**	**1,199,993**
Bills payables	**4,254,216**	**–**	**4,254,216**
Financial liabilities not subject to a repayment on demand clause			
Bank loans	**–**	**2,866,583**	**2,866,583**
Trade payables	**–**	**1,351,747**	**1,351,747**
Other payables	**–**	**1,653,788**	**1,653,788**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

5. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Liquidity risk *(continued)*

	On demand US$	Within 1 year US$	Total US$
As at 31 March 2011			
Financial liabilities subject to a repayment on demand clause			
Bank loans	1,538,530	–	1,538,530
Trust receipt loans	7,772,450	–	7,772,450
Finance lease payables	1,867,002	–	1,867,002
Bills payables	3,498,643	–	3,498,643
Financial liabilities not subject to a repayment on demand clause			
Bank loans	–	2,460,374	2,460,374
Trade payables	–	13,965,230	13,965,230
Other payables	–	471,754	471,754

The table that follows summarises the maturity analysis of term loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "on demand" time band in the maturity analysis above. Taking into account the Group's financial position, the Directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The Directors believe that such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

5. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Liquidity risk *(continued)*

	Within 1 year US$	More than 1 year but less than 2 years US$	More than 2 years but less than 5 years US$	More than 5 years US$	Total US$
As at 31 March 2012					
Bank loans	**445,281**	**339,182**	**93,019**	**–**	**877,482**
Trust receipt loans	**24,310,773**	**–**	**–**	**–**	**24,310,773**
Finance lease payables	**114,237**	**75,565**	**222,612**	**904,605**	**1,317,019**
Bills payables	**4,254,216**	**–**	**–**	**–**	**4,254,216**
As at 31 March 2011					
Bank loans	757,220	445,281	432,201	–	1,634,702
Trust receipt loans	7,812,596	–	–	–	7,812,596
Finance lease payables	690,557	107,199	221,367	962,045	1,981,168
Bills payables	3,498,643	–	–	–	3,498,643

(d) Interest rate risk

The Group's time deposits with original maturity over three months bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

The Group's exposure to cash flow interest rate risk arises from its bank deposits (other than time deposits with original maturity over three months) and bank borrowings. These balances bear interests at variable rates varied with the then prevailing market condition.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

5. FINANCIAL RISK MANAGEMENT *(continued)*

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

	2012 US$	2011 US$
Financial assets:		
Financial assets at fair value through profit or loss		
– Designated	**18,321,743**	18,038,554
– Held for trading	**424,205**	280,669
Loans and receivables (including cash and cash equivalents)	**102,968,029**	95,970,853
Available-for-sale financial asset	**–**	1,540,762
Financial liabilities:		
Financial liabilities at amortised cost	**35,096,195**	29,670,716

(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.

The following disclosures of fair value measurements use a fair value hierarchy which has 2 levels:

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

Level 2: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Disclosures of level in fair value hierarchy of financial assets at fair value through profit or loss as at 31 March:

	Fair value measurement using					
	2012			2011		
	Level 1 US$	Level 2 US$	Total US$	Level 1 US$	Level 2 US$	Total US$
Equity investments	**503,700**	**17,150,000**	**17,653,700**	827,166	16,545,000	17,372,166
Unlisted investments	**–**	**668,043**	**668,043**	–	666,388	666,388
Derivatives	**–**	**424,205**	**424,205**	–	280,669	280,669
	503,700	**18,242,248**	**18,745,948**	827,166	17,492,057	18,319,223

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

6. REVENUE

	2012 US$	2011 US$
Distribution and marketing of mobile handset and its components and electronic components	**102,990,292**	77,524,039
Provision of design and production solution services for mobile handset	**1,404,429**	4,773,370
Assembly of mobile handset and computer tablets and surface mounting technology of printed circuit board	**32,443,991**	65,995,688
	136,838,712	148,293,097

7. OTHER INCOME

	2012 US$	2011 US$
Dividend income from financial assets at fair value through profit or loss	**1,478,591**	–
Interest income	**1,399,951**	538,323
Foreign exchange gains, net	**469,305**	357,374
Fair value gains on derivative financial instruments	**486,188**	340,247
Rental income	**94,422**	–
Sundry income	**109,523**	100,930
	4,037,980	1,336,874

8. SEGMENT INFORMATION

The Group has three reportable segments as follows:

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

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

8. SEGMENT INFORMATION *(continued)*

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
- Fair value gains on financial assets at fair value through profit or loss
- Impairment loss on available-for-sale financial asset
- Corporate administrative expenses
- Finance costs
- Income tax expense

Segment assets do not include the following items:
- Property, plant and equipment for rental and general administrative use
- Financial assets at fair value through profit or loss
- Available-for-sale financial asset
- Prepayments, deposits and other receivables for general administrative use
- Derivative financial instruments
- Restricted bank balances
- Time deposits with original maturity over three months
- Bank and cash balances

Segment liabilities do not include the following items:
- Accruals and other payables for general administrative use
- Bank loans
- Trust receipt loans
- Finance lease payables
- Current tax liabilities

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

8. SEGMENT INFORMATION *(continued)*

Information about reportable segment profits or losses, assets and liabilities:

	Distribution and Marketing US$	Solution US$	Assembly US$	Consolidated US$
Year ended 31 March 2012				
Revenue from external customers	**102,990,292**	**1,404,429**	**32,443,991**	**136,838,712**
Segment profits	**3,621,547**	**304,738**	**1,856,357**	**5,782,642**
Interest income				**1,399,951**
Other income (excluding interest income)				**2,638,029**
Fair value gains on financial assets at fair value through profit or loss				**283,189**
Corporate administrative expenses				**(3,449,695)**
Finance costs				**(644,901)**
Income tax expense				**(872,477)**
Profit for the year				**5,136,738**
Depreciation and amortisation	**–**	**95,514**	**935,344**	**1,246,837**
Impairment loss on inventories	**–**	**–**	**161,989**	**161,989**
Impairment loss on goodwill	**–**	**219,547**	**–**	**219,547**
Impairment loss on property, plant and equipment	**–**	**–**	**399,250**	**399,250**
Impairment loss on non-current assets classified as held for sale	**–**	**–**	**149,687**	**149,687**
Loss on disposals of property, plant and equipment	**–**	**–**	**209,862**	**218,348**
Loss on disposal of available-for-sale financial asset	**–**	**–**	**–**	**15,633**
Reversal of impairment loss on prepayments, deposits and other receivables	**–**	**–**	**–**	**192,284**
Equity-settled share-based payments	**–**	**–**	**–**	**107,662**

8. SEGMENT INFORMATION *(continued)*

	Distribution and Marketing US$	Solution US$	Assembly US$	Consolidated US$
As at 31 March 2012				
Segment assets	**61,319,521**	**2,761,889**	**5,617,637**	**69,699,047**
Property, plant and equipment for rental and general administrative use				**2,531,926**
Financial assets at fair value through profit or loss				**18,321,743**
Prepayments, deposits and other receivables for general administrative use				**2,740,218**
Derivative financial instruments				**424,205**
Restricted bank balances				**1,186,929**
Time deposits with original maturity over three months				**43,207,446**
Bank and cash balances				**10,471,864**
Total assets				**148,583,378**
Additions to non-current assets	**–**	**–**	**25,560**	**33,880**
Segment liabilities	**5,147,880**	**417,821**	**1,635,444**	**7,201,145**
Accruals and other payables for general administrative use				**1,035,823**
Bank loans				**3,683,935**
Trust receipt loans				**24,152,509**
Finance lease payables				**1,199,993**
Current tax liabilities				**731,144**
Total liabilities				**38,004,549**

8. SEGMENT INFORMATION *(continued)*

	Distribution and Marketing US$	Solution US$	Assembly US$	Consolidated US$
Year ended 31 March 2011				
Revenue from external customers	77,524,039	4,773,370	65,995,688	148,293,097
Segment profits	771,650	3,488,174	7,916,622	12,176,446
Interest income				538,323
Other income (excluding interest income)				798,551
Fair value gains on financial assets at fair value through profit or loss				5,870,818
Impairment loss on available-for-sale financial asset				(747,498)
Corporate administrative expenses				(4,574,943)
Finance costs				(612,122)
Income tax expense				(2,010,662)
Profit for the year				11,438,913
Depreciation and amortisation	833,333	125,496	1,132,922	2,333,736
Loss on winding up of a subsidiary	–	–	–	4,177
Impairment loss on inventories	–	–	153,651	153,651
Impairment loss on intangible assets	833,334	–	–	833,334
Impairment loss on prepayments, deposits and other receivables	–	–	–	187,637
Loss on disposals of property, plant and equipment	–	57,366	–	57,366

8. SEGMENT INFORMATION *(continued)*

	Distribution and Marketing US$	Solution US$	Assembly US$	Consolidated US$
As at 31 March 2011				
Segment assets	33,851,638	1,858,420	34,900,703	70,610,761
Property, plant and equipment for rental and general administrative use				2,306,954
Financial assets at fair value through profit or loss				18,038,554
Available-for-sale financial asset				1,540,762
Prepayments, deposits and other receivables for general administrative use				1,457,826
Derivative financial instruments				280,669
Restricted bank balances				1,318,972
Time deposits with original maturity over three months				28,763,424
Bank and cash balances				14,215,803
Total assets				138,533,725
Additions to non-current assets	–	97,853	64,643	162,496
Segment liabilities	11,607,989	250,221	6,029,058	17,887,268
Accruals and other payables for general administrative use				1,454,365
Bank loans				3,962,639
Trust receipt loans				7,772,450
Finance lease payables				1,867,002
Current tax liabilities				1,929,970
Total liabilities				34,873,694

8. SEGMENT INFORMATION *(continued)*

Geographical information

	Revenue		Non-current assets	
	2012	2011	**2012**	2011
	US$	US$	**US$**	US$
The People's Republic of China (the "PRC") except Hong Kong	**64,882,267**	93,588,134	**21,226,103**	27,248,140
Hong Kong	**71,956,445**	54,704,963	**2,493,420**	2,633,408
Others	**–**	–	**503,700**	827,166
	136,838,712	148,293,097	**24,223,223**	30,708,714

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

Revenue from major customers:

For the year ended 31 March 2012, revenue from three major customers includes:

– A customer contributed to the Group's revenue of US$45,542,702 was included in both Distribution and Marketing Segment and Assembly Segment;

– A customer contributed to the Group's revenue of US$44,090,809 was included in both Distribution and Marketing Segment, Solution Segment and Assembly Segment; and

– A customer contributed to the Group's revenue of US$16,532,732 was included in Distribution and Marketing Segment.

For the year ended 31 March 2011, revenue from three major customers contributed to the Group's revenue of US$51,200,296, US$43,561,483 and US$23,121,583 respectively were included in both Distribution and Marketing Segment and Assembly Segment.

9. FINANCE COSTS

	2012	2011
	US$	US$
Interest on bank loans	**619,204**	532,526
Finance lease charges	**25,697**	69,663
Others	**–**	9,933
	644,901	612,122

10. SALARIES AND EMPLOYEE BENEFITS (INCLUDING DIRECTORS' REMUNERATION)

	Note	2012 US$	2011 US$
Wages and salaries		**3,261,148**	3,478,643
Termination benefits		**260,721**	–
Equity-settled share-based payments		**107,662**	–
Retirement benefits scheme contributions	(a)	**222,828**	273,509
		3,852,359	3,752,152

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 2012

	Fees US$	Salaries and allowances US$	Equity-settled share-based payments US$	Retirement benefits scheme contributions US$	Total US$
Name of Directors					
Wang Shih Zen (note i)	–	66,195	–	1,543	67,738
Wang Tao	–	15,424	–	771	16,195
Lu Shangmin	–	71,424	6,138	2,890	80,452
David Lim Teck Leong	31,754	–	6,138	–	37,892
Chan Kam Loon	38,106	–	6,138	–	44,244
Guo Yanjun	31,754	–	1,661	–	33,415
Lo Hang Fong	31,754	–	1,661	–	33,415
Tham Wan Loong, Jerome	31,754	–	6,138	–	37,892
	165,122	153,043	27,874	5,204	351,243

10. SALARIES AND EMPLOYEE BENEFITS (INCLUDING DIRECTORS' REMUNERATION) *(continued)*

Note:

(b) Directors' and employees' emoluments *(continued)*

For the year ended 31 March 2011

	Fees US$	Salaries and allowances US$	Equity-settled Share-based payments US$	Retirement benefits scheme contributions US$	Total US$
Name of Directors					
Wang Shih Zen (note i)	1,000	79,011	–	1,542	81,553
Wang Tao	1,000	14,757	–	3,132	18,889
Lu Shangmin	1,000	76,321	–	2,727	80,048
David Lim Teck Leong	28,691	–	–	–	28,691
Chan Kam Loon	34,428	–	–	–	34,428
Guo Yanjun	28,947	–	–	–	28,947
Lo Hang Fong	29,599	–	–	–	29,599
Tham Wan Loong, Jerome	28,215	–	–	–	28,215
	152,880	170,089	–	7,401	330,370

Note:

i) Salaries and allowances of US$26,992 (equivalent to HK$210,000) (2011: US$46,272 (equivalent to HK$360,000)) payable to Mr. Wang Shih Zen was waived without any compensation for the year ended 31 March 2012.

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

	2012	2011
Below S$250,000 (equivalent to below US$198,464 (2011: Below US$188,458))	**8**	8

10. SALARIES AND EMPLOYEE BENEFITS (INCLUDING DIRECTORS' REMUNERATION) *(continued)*

Note:

(b) Directors' and employees' emoluments (continued)

The five highest paid individuals in the Group during the year included 3 (2011: 2) Directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining 2 (2011: 3) individuals are set out below:

	2012 US$	2011 US$
Basic salaries and allowances	**118,657**	173,348
Discretionary bonuses	**–**	69,409
Equity-settled share-based payments	**67,514**	–
Retirement benefits scheme contributions	**2,570**	6,088
	188,741	248,845

The emoluments fell within the following bands:

	2012	2011
Below HK$1,000,000 (equivalent to below US$128,535)	**1**	2
HK$1,000,001 to HK$1,500,000 (equivalent to US$128,536 to US$192,802)	**1**	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

	2012 US$	2011 US$
Current tax – Hong Kong Profits Tax		
Provision for the year	**688,599**	718,015
Under-provision in prior years	**9,906**	15,011
Current tax – PRC Enterprise Income Tax		
Provision for the year	**197,365**	1,259,621
(Over)/under-provision in prior years	**(23,393)**	18,015
	872,477	2,010,662

Hong Kong Profits Tax has been provided at a rate of 16.5% (2011: 16.5%) based on the estimated assessable profit for the year.

11. INCOME TAX EXPENSE *(continued)*

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.

According to the current applicable laws of the Macau Special Administrative Region (the "Macau"), Macau Complementary Tax is calculated at a progressive rate from 9% to 12% on the estimated assessable profits for the year with first two hundred thousand patacas ("MOP") assessable profits being free from tax. However, VIM Technology Macao Commercial Offshore Limited, a subsidiary of the Company incorporated and operated during the year, was in compliance with the Decree-Law No. 58/99/M of the Macau and thus, the profits generated by the subsidiary was exempted from the Macau Complementary Tax. Further, in the opinion of the Directors, that portion of the Group's profit is not at present subject to taxation in any other jurisdictions in which the Group operates.

Tax charges 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 multiplied by the Hong Kong Profits Tax rate is as follows:

	2012 US$	2011 US$
Profit before tax	**6,009,215**	13,449,575
Tax at the Hong Kong Profits Tax rate of 16.5% (2011: 16.5%)	**991,520**	2,219,180
Tax effect of income that is not taxable	**(533,615)**	(1,099,087)
Tax effect of expenses that are not deductible	**230,281**	502,672
Tax effect of temporary differences not recognised	**(313,166)**	225,837
Tax effect of tax losses not recognised	**370,936**	–
(Over)/under-provision in prior years	**(13,487)**	33,026
Effect of different tax rates of subsidiaries	**140,008**	129,034
Income tax expense	**872,477**	2,010,662

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.

11. INCOME TAX EXPENSE *(continued)*

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:

	2012 US$	2011 US$
Amortisation of intangible assets	**70,416**	893,484
Auditor's remuneration	**205,856**	156,259
Cost of inventories sold	**124,852,334**	128,183,014
Depreciation of property, plant and equipment [(a)]	**1,176,421**	1,440,252
Directors' remuneration		
– As Directors	**186,858**	152,880
– For management	**164,385**	177,490
	351,243	330,370
Dividend income from financial assets at fair value through profit or loss	**(1,478,591)**	–
Fair value gains on derivative financial instruments	**(486,188)**	(340,247)
Foreign exchange gains, net	**(469,305)**	(357,374)
Impairment loss on goodwill	**219,547**	–
Impairment loss on inventories	**161,989**	153,651
Key management personnel (other than Directors) remuneration		
Salaries, bonuses and allowances	**87,530**	172,967
Equity-settled share-based payments	**6,138**	–
Retirement benefits scheme contributions	**4,399**	14,764
	98,067	187,731
Loss on disposal of available-for-sale financial asset	**15,633**	–
Loss on disposals of property, plant and equipment	**218,348**	57,366
Loss on winding up of a subsidiary	**–**	4,177
Operating lease charges in respect of land and buildings [(b)]	**737,925**	795,177
(Reversal of impairment loss)/impairment loss on prepayments, deposits and other receivables	**(192,284)**	187,637
Staff costs excluding Directors' remuneration and key management personnel remuneration[(c)]		
Salaries, bonuses and allowances	**2,855,453**	2,982,707
Termination benefits	**260,721**	–
Equity-settled share-based payments	**73,650**	–
Retirement benefits scheme contributions	**213,225**	251,344
	3,403,049	3,234,051

12. PROFIT FOR THE YEAR *(continued)*

Note:

(a) The amounts included in cost of goods sold during the year amounted to US$826,497 (2011: US$1,066,975).

(b) The amounts included in cost of goods sold during the year amounted to US$512,322 (2011: US$545,392).

(c) The amounts included in cost of goods sold during the year amounted to US$2,524,322 (2011: US$2,604,063).

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$854,956 (2011: US$736,528) 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 2012 (2011: Nil).

15. EARNINGS PER SHARE

Basic

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$5,136,738 (2011: US$11,438,913) and the weighted average number of ordinary shares of 635,573,662 (2011: 608,614,758) shares in issue during the year.

Diluted

During the year ended 31 March 2012, the calculation of diluted earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of US$5,136,738 and the weighted average number of ordinary shares of 636,059,933, being the weighted average number of ordinary shares of 635,573,662 in issue during the year used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 486,271 assumed to have been issued at no consideration on the deemed exercise of the share options outstanding during the reporting period.

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary sharing during the year ended 31 March 2011.

16. PROPERTY, PLANT AND EQUIPMENT

Group

	Land and building US$	Plant and machinery US$	Furniture, fixtures, equipment and motor vehicles US$	Leasehold improvements US$	Total US$
Cost					
As at 1 April 2010	–	9,081,177	1,292,260	856,293	11,229,730
Exchange realignment	–	456,823	49,810	43,074	549,707
Additions	2,059,276	38,747	36,749	67,796	2,202,568
Disposals	–	–	(256,146)	–	(256,146)
As at 31 March 2011 and 1 April 2011	2,059,276	9,576,747	1,122,673	967,163	13,725,859
Exchange realignment	5,582	287,953	34,482	22,271	350,288
Additions	–	25,561	8,319	–	33,880
Disposals	–	(5,739,290)	(234,586)	(921,639)	(6,895,515)
As at 31 March 2012	2,064,858	4,150,971	930,888	67,795	7,214,512
Accumulated depreciation and impairment losses					
As at 1 April 2010	–	1,842,318	694,894	439,014	2,976,226
Exchange realignment	–	89,147	28,386	21,166	138,699
Charge for the year	81,457	934,815	233,937	190,043	1,440,252
Disposals	–	–	(192,637)	–	(192,637)
As at 31 March 2011 and 1 April 2011	81,457	2,866,280	764,580	650,223	4,362,540
Exchange realignment	164	91,529	26,422	15,397	133,512
Charge for the year	103,148	735,919	139,467	197,887	1,176,421
Impairment loss	–	399,250	–	–	399,250
Disposals	–	(2,201,637)	(194,124)	(821,527)	(3,217,288)
As at 31 March 2012	184,769	1,891,341	736,345	41,980	2,854,435
Carrying amount					
As at 31 March 2012	1,880,089	2,259,630	194,543	25,815	4,360,077
As at 31 March 2011	1,977,819	6,710,467	358,093	316,940	9,363,319

16. PROPERTY, PLANT AND EQUIPMENT *(continued)*

As at 31 March 2012, the carrying amount of property, plant and equipment held by the Group under finance leases was amounted to US$1,781,309 (2011: US$6,827,187).

The Group's land and building with a carrying amount of US$1,735,167 (2011: US$1,830,681) are situated in Hong Kong and held under medium leases.

During the year ended 31 March 2012, the Group assessed the recoverable amounts of certain plant and machinery directly associated with the assembly operation. In determining the recoverable amounts, a method of valuation which involves certain estimates has been utilised. The Directors have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. As a result of the valuation assessment, an impairment loss of US$399,250 (2011: Nil) was recognised in the consolidated income statement for the year ended 31 March 2012.

As at 31 March 2012, property, plant and equipment included plant and machinery of US$437,864 (2011: Nil) leased out to a third party under operating lease arrangement. The lease was negotiated on a fixed rental basis and do not include contingent rental. The operating lease arrangement includes break clauses which give the lessee the right to terminate the operating lease arrangement with 7 days notice.

17. INTANGIBLE ASSETS

Group

	License US$	CDMA software solutions US$	Total US$
Cost			
As at 1 April 2010	243,137	2,500,000	2,743,137
Exchange realignment	12,230	–	12,230
Additions	91,572	–	91,572
As at 31 March 2011 and 1 April 2011	346,939	2,500,000	2,846,939
Exchange realignment	12,997	–	12,997
As at 31 March 2012	359,936	2,500,000	2,859,936

17. INTANGIBLE ASSETS *(continued)*

	License US$	CDMA software solutions US$	Total US$
Accumulated amortisation and impairment losses			
As at 1 April 2010	57,164	833,333	890,497
Exchange realignment	2,876	–	2,876
Charge for the year	60,151	833,333	893,484
Impairment loss	–	833,334	833,334
As at 31 March 2011 and 1 April 2011	120,191	2,500,000	2,620,191
Exchange realignment	5,375	–	5,375
Charge for the year	70,416	–	70,416
As at 31 March 2012	195,982	2,500,000	2,695,982
Carrying amount			
As at 31 March 2012	163,954	–	163,954
As at 31 March 2011	226,748	–	226,748

The Group's license and CDMA software solutions are for the design and development of the Group's products. As at 31 March 2012, the average remaining amortisation period of license is 1.7 years (2011: 2.2 years).

During the year ended 31 March 2011, the Directors performed an impairment review on the intangible assets, based on value in use, and determined that the carrying amount of CDMA software solutions was irrecoverable thought normal course of the Group's operations. Accordingly, an impairment loss of US$833,334 was recognised in the consolidated income statement for the year ended 31 March 2011.

18. GOODWILL

Group

	US$
Cost	
As at 1 April 2010	1,480,086
Exchange realignment	59,245
As at 31 March 2011 and 1 April 2011	1,539,331
Exchange realignment	57,665
As at 31 March 2012	1,596,996
Accumulated impairment losses	
As at 1 April 2010, 31 March 2011 and 1 April 2011	–
Impairment loss	219,547
As at 31 March 2012	219,547
Carrying amount	
As at 31 March 2012	1,377,449
As at 31 March 2011	1,539,331

Goodwill acquired in a business combination is fully allocated at acquisition to the Solution CGU, Zeus Telecommunication Technology Holdings 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 the Directors for the next 3 years and discount rate of approximately 6.33% (2011:7.27%) was used for the cash flow forecasts as at 31 March 2012.

Based on the past performance, the Group has revised its cash flow forecasts for this CGU. The goodwill has therefore been reduced to its recoverable amount through recognition of an impairment against goodwill of US$219,547 for the year ended 31 March 2012.

19. INVESTMENT IN A SUBSIDIARY

	Company 2012 US$	2011 US$
Unlisted investment, at cost	**2,650,483**	2,570,694
Due from subsidiaries	**58,398,972**	57,307,259

The amounts due from 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 operation	Issued and paid-up capital	Percentage of ownership interest/voting power/profit sharing 2012	2011	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 [(d)]	Hong Kong	20,000,001 ordinary shares of HK$1 each	**100%**	100%	Provision of management services to the Group
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
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 its components and electronic components

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 operation	Issued and paid-up capital	Percentage of ownership interest/voting power/profit sharing 2012	2011	Principal activities
Indirectly held:					
Max Sunny Limited [d]	Hong Kong	100,000 ordinary shares of HK$1 each	**100%**	100%	Distribution and marketing of mobile handset and its components and electronic components
統慶通信設備(深圳)有限公司 [b] [f] [h] (Tongqing Communication Equipment (Shenzhen) Co., Ltd.)	PRC	Registered and paid up capital of HK$75,000,000	**100%**	100%	Assembly of mobile handset and computer tablets and surface mounting technology of printed circuit board
Loyal Power International Investment Limited [e]	Hong Kong	1 ordinary share of HK$1 each	**100%**	100%	Property holding and distribution and marketing of mobile handset and its components
VIM Technology Macao Commercial Offshore Limited [b] [g]	Macau	Registered and paid up capital of MOP100,000	**100%**	–	Provision of design and production solution services for mobile handset

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 year ended 31 December 2010 audited by Witfull CPAs, Shenzhen (深圳永安會計師事務所有限公司). Statutory financial statements for the year ended 31 December 2011 audited by Shenzhen Jiatai Certified Public Accountants (深圳佳泰會計師事務所).

(d) Statutory financial statements for the year ended 31 March 2011 audited by RSM Nelson Wheeler. Statutory financial statements for the year ended 31 March 2012 have not been issued.

(e) Statutory financial statements for the period from date of incorporation to 31 March 2011 audited by RSM Nelson Wheeler. Statutory financial statements for the year ended 31 March 2012 have not been issued.

(f) Statutory financial statements for the year ended 31 December 2010 and 2011 audited by Witfull CPAs, Shenzhen (深圳永安會計師事務所有限公司).

(g) Statutory financial statements for the period from date of incorporation to 31 March 2012 audited by Keng Ou CPAs (京澳會計師事務所).

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

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	Group 2012 US$	2011 US$
Equity investments, at fair value			
Listed	(a)	**503,700**	827,166
Unlisted	(b)	**17,150,000**	16,545,000
		17,653,700	17,372,166
Unlisted investment, at fair value	(c)	**668,043**	666,388
		18,321,743	18,038,554

Note:

(a) The investment represents approximately 1% equity investment in a company listed on the TWSE. The fair value of the listed investment is based on the quoted price in active market.

(b) The investment represents 14.75% (2011: 14.66%) equity investment in Yoho King Group held by the Group as at 31 March 2012. In the absence of quoted market prices in an active market, the Directors estimated the fair value of the Group's equity interest in Yoho King Group, with the assistance of an independent professional valuer. In determining the fair value, the valuer has adopted discounted cash flow method as the primary calculation method and the major inputs and assumptions adopted are as follows:

	2012	2011
Weighted average cost of capital	**15.20%**	15.90%
Terminal growth rate	**3.00%**	3.00%
Discount rate on lack of control	**26.40%**	26.40%
Discount rate on lack of marketability	**8.00%**	16.00%

The Directors have exercised their judgement and are satisfied that the method of valuation reflected the market conditions as of the reporting date.

(c) The investment represents a structured deposit placed to a bank with a maturity of 3 years as secured deposits under general banking facilities and is 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	
	2012	2011
	US$	US$
Unlisted equity investment, at cost	**–**	2,288,260
Less: Impairment losses	**–**	(747,498)
	–	1,540,762

As at 31 March 2011, unlisted equity investment is stated at cost less impairment losses 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.

Such unlisted equity investment was disposed of during the year ended 31 March 2012 and a loss on disposal of US$15,633 was recognised in the consolidated income statement.

22. INVENTORIES

	Group	
	2012	2011
	US$	US$
Raw materials	**81,134**	2,634,761
Work in progress	**10,036**	258,365
Finished goods	**4,281,516**	8,169,692
	4,372,686	11,062,818

All inventories are carried at cost less impairment losses.

23. TRADE RECEIVABLES

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 120 days (2011: 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	
	2012	2011
	US$	US$
0 to 30 days	**28,552,957**	21,496,457
31 to 60 days	**6,526,977**	13,156,820
61 to 90 days	**5,620,432**	12,697,455
91 to 120 days	**3,688,000**	2,134,695
More than 120 days	**545,846**	913,381
	44,934,212	50,398,808

As at 31 March 2012, trade receivables of US$1,438,985 (2011: US$3,048,076) 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	
	2012	2011
	US$	US$
Past due 0 to 90 days	**893,139**	2,140,763
Past due more than 90 days	**545,846**	907,313
	1,438,985	3,048,076

The Group's trade receivables as at 31 March 2012 include trade receivable from Yoho King Group of US$751,799 (2011: Nil), in which the Group held 14.75% (2011: 14.66%) equity interest in Yoho King Group. As disclosed in the Company's circular dated 30 April 2010, Yoho King Group is considered as a related company to the Group on the grounds that a brother of Mr. Wang Shih Zen, one of the Directors, held 24.58% (2011: 24.44%) equity interest in Yoho King Group.

Trade receivables are denominated in the following currencies:

	Group	
	2012	2011
	US$	US$
United States dollar	**44,070,097**	48,821,851
Renminbi	**864,115**	1,576,957
	44,934,212	50,398,808

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		Group		Company	
		2012	2011	**2012**	2011
	Note	**US$**	US$	**US$**	US$
Prepayments	(a)	**16,465,024**	469,279	**48,827**	31,987
Deposits		**275,455**	374,273	**–**	–
Other receivables		**3,167,578**	1,273,846	**–**	–
		19,908,057	2,117,398	**48,827**	31,987
Less: Impairment losses		**(145,244)**	(332,881)	**–**	–
		19,762,813	1,784,517	**48,827**	31,987

Note:

(a) The Group's prepayments as at 31 March 2012 mainly included prepayments of US$16,310,496 paid to suppliers, independent third parties of the Group, to purchase electronic components for Distribution and Marketing Segment. Subsequent to the year end, since the suppliers were unable to fully deliver the pre-ordered electronic components of approximately US$13,200,890 on a timely basis, the Group agreed to revise the procurement amount of the purchase orders and requested refund of the excess prepayment. Except for prepayment of approximately US$1,266,123 associated with purchase of electronic components which are expected to be delivered to the Group not later than August 2012 in accordance with the terms of the revised purchase order, the remaining balance of electronic components, together with the above mentioned excess prepayment have already been fully delivered and refunded to the Group up to the date of this report.

25. DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2012	2011
	US$	US$
Financial assets, at fair value		
Foreign exchange forward contracts	**424,205**	280,669

The Group enters into various forward foreign exchange contracts to mitigate the foreign exchange risk exposures arising from the Group's operation.

As disclosed in the Company's prospectus dated 12 February 2010, notwithstanding the fact that the entering of the foreign exchange forward contracts was based on the forecast transactions on the probable receipts of sales proceeds and payments for the procurement and are used for hedging purpose only, the Group did not fulfill the conditions of hedging relationship under the stringent and comprehensive documentation requirements as defined in IAS 39 "Financial Instruments: Recognition and Measurement". Fair value gains on derivative financial instruments amounting to US$486,188 (2011: US$340,247) were recognised in the consolidated income statement for the year ended 31 March 2012.

26. TIME DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS

Time deposits with original maturity over three months are denominated in Renminbi.

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.

27. RESTRICTED BANK BALANCES AND BANK AND CASH BALANCES

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

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

	Group		Company	
	2012	2011	**2012**	2011
	US$	US$	**US$**	US$
United States dollar	**7,997,114**	735,145	**–**	–
Hong Kong dollar	**1,609,005**	6,674,382	**2,685**	1,848,401
Renminbi	**1,297,476**	5,798,824	**–**	–
Singapore dollar	**755,198**	2,326,424	**4,857**	731
	11,658,793	15,534,775	**7,542**	1,849,132

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.

28. TRADE AND BILLS PAYABLES

	Group	
	2012	2011
	US$	US$
Trade payables	**1,351,747**	13,965,230
Bills payables	**4,254,216**	3,498,643
	5,605,963	17,463,873

28. TRADE AND BILLS PAYABLES *(continued)*

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

	Group	
	2012	2011
	US$	US$
0 to 30 days	**2,259,960**	9,248,036
31 to 60 days	**2,261,401**	6,576,855
61 to 90 days	**36,136**	587,726
More than 90 days	**1,048,466**	1,051,256
	5,605,963	17,463,873

Trade payables generally have credit terms ranging from 15 to 90 days (2011: 15 to 90 days).

Trade and bills payables are denominated in the following currencies:

	Group	
	2012	2011
	US$	US$
United States dollar	**5,148,156**	16,621,620
Renminbi	**457,807**	842,253
	5,605,963	17,463,873

29. ACCRUALS AND OTHER PAYABLES

	Group		Company	
	2012	2011	**2012**	2011
	US$	US$	**US$**	US$
Accruals	**977,217**	1,406,006	**323,449**	229,403
Other payables	**1,653,788**	471,754	**–**	–
	2,631,005	1,877,760	**323,449**	229,403

30. BANK LOANS

	Group 2012 US$	2011 US$
Portion of bank loans without containing repayment on demand clause which are due for repayment within one year	**2,848,777**	2,424,109
Portion of bank loans containing repayment on demand clause which are due for repayment:		
– Within one year	**416,483**	703,431
– After one year but within two years	**326,576**	416,424
– After two years but within five years	**92,099**	418,675
	3,683,935	3,962,639

None of the portion of bank loans due for repayment after one year which contains a repayment on demand clause and that is classified as a current liability is expected to be settled within one year.

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

As at 31 March 2012, the average effective borrowing rate was approximately 6.22% (2011: 6.12%).

At the end of the reporting period, the details of covenants of respective bank loans are as follows:

- bank loans of US$449,554 (2011: US$998,684) as at 31 March 2012 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$385,604 (2011: US$539,846) as at 31 March 2012 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 certain subsidiaries of the Company;

- a bank loan of US$2,848,777 (2011: US$2,288,260) as at 31 March 2012 was secured by corporate guarantee executed by a subsidiary of the Company and the Company (2011: the Company); and

- a bank loan of US$135,849 as at 31 March 2011 was secured by bank deposits.

30. BANK LOANS *(continued)*

Bank loans are denominated in the following currencies:

	Group	
	2012	2011
	US$	US$
United States dollar	**–**	135,849
Hong Kong dollar	**835,158**	1,538,530
Renminbi	**2,848,777**	2,288,260
	3,683,935	3,962,639

Certain of the Group's term loan agreements contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations.

The Group regularly monitors its compliance with these covenants, is up to date with the scheduled repayments of the term loans and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Group continues to meet these requirements. Further details of the Group's management of liquidity risk are set out in note 5(c) to the financial statements. As at 31 March 2012, none of the covenants relating to drawn down facilities had been breached (2011: Nil).

31. TRUST RECEIPT LOANS

Trust receipt loans are secured by bank deposits and are repayable within 90 days (2011: 90 days) from their respective drawdown dates.

All trust receipt loans are arranged at floating rates and exposed the Group to cash flow interest rate risk.

As at 31 March 2012, the average effective borrowing rate was approximately 3.78% (2011: 3.18%).

Trust receipt loans are denominated in the following currencies:

	Group	
	2012	2011
	US$	US$
United States dollar	**22,836,956**	7,772,450
Hong Kong dollar	**1,315,553**	–
	24,152,509	7,772,450

32. FINANCE LEASE PAYABLES

	Group	
	2012	2011
	US$	US$
Minimum lease payments of finance lease payables containing repayment on demand clause which are due for repayment:		
– Within one year	**114,237**	690,557
– After one year but within five years	**298,177**	328,566
– Over five years	**904,605**	962,045
	1,317,019	1,981,168
Less: Future finance charges	**(117,026)**	(114,166)
	1,199,993	1,867,002
Present value of minimum lease payments of finance lease payables containing repayment on demand clause which are due for repayment:		
– Within one year	**97,965**	667,002
– After one year but within five years	**256,781**	290,557
– Over five years	**845,247**	909,443
	1,199,993	1,867,002

None of the portion of finance lease payables due for repayment after one year which contains a repayment on demand clause and classified as a current liability is expected to be settled within one year.

It is the Group's policy to lease certain of its property, plant and equipment under finance leases. As at 31 March 2012, the average remaining lease term is 18 years (2011: 13 years) and the average effective borrowing rate was approximately 1.10% (2011: 1.98%).

All leases contain repayment on demand clause and are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

32. FINANCE LEASE PAYABLES *(continued)*

The finance lease payables are denominated in the following currencies:

	Group	
	2012	2011
	US$	US$
United States dollar	**–**	569,032
Hong Kong dollar	**1,199,993**	1,297,970
	1,199,993	1,867,002

At the end of the reporting period, the Group's finance lease payables are secured by:

– finance lease payables of US$636,583 as at 31 March 2011 were secured by the lessor's title to the leased assets and corporate guarantees executed by a subsidiary of the Company; and

– finance lease payables of US$1,199,993 (2011: US$1,230,419) were secured by the lessor's title to the leased assets and unlimited guarantees executed by certain subsidiaries of the Company and the Company (2011: a subsidiary of the Company and 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	
	Number of shares	**Amount**
		US$
Authorised:		
Ordinary shares of US$0.008 each		
As at 1 April 2010, 31 March 2011, 1 April 2011 and 31 March 2012	1,250,000,000	10,000,000

34. SHARE CAPITAL *(continued)*

	Note	Group and Company Number of shares	 Amount US$
Issued and fully paid: **Ordinary shares of US$0.008 each**			
As at 1 April 2010		595,573,662	4,764,590
Issue of shares in relation to the listing of the TDRs on the TWSE	(a)	40,000,000	320,000
As at 31 March 2011, 1 April 2011 and 31 March 2012		635,573,662	5,084,590

Note:

(a) On 3 December 2010, the Company issued 40,000,000 units of TDRs on the TWSE at a price of NT$10.20 (equivalent to approximately HK$2.58 or S$0.437) per share following the listing of the Company's share as TDRs on the TWSE.

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, non-controlling interests) less unaccrued proposed dividends and includes some forms of subordinated debts.

34. SHARE CAPITAL *(continued)*

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:

	2012 US$	2011 US$
Total debt	**29,036,437**	13,602,091
Less: cash and cash equivalents	**(10,471,864)**	(14,215,803)
Net debt	**18,564,573**	(613,712)
Total equity and adjusted capital	**110,578,829**	103,660,031
Debt-to-adjusted capital ratio	**16.79%**	N/A

According to the Rule 723 of the Listing Manual of the SGX-ST and the Hong Kong Listing Rules on the 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 comprehensive income and consolidated statement of changes in equity.

(b) Company

	Share premium US$	**Share-based payments reserve US$**	**Accumulated losses US$**	**Total US$**
As at 1 April 2010	45,974,768	–	(1,382,929)	44,591,839
Loss for the year	–	–	(736,528)	(736,528)
Issue of shares in relation to the listing of the TDRs on the TWSE	12,589,768	–	–	12,589,768
As at 31 March 2011 and 1 April 2011	58,564,536	–	(2,119,457)	56,445,079
Loss for the year	–	–	(854,956)	(854,956)
Equity-settled share-based payments	–	107,662	–	107,662
As at 31 March 2012	58,564,536	107,662	(2,974,413)	55,697,785

35. RESERVES *(continued)*

(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) Share-based payments reserve

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

(iii) 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(c)(iii) to the financial statements.

(iv) 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 – Z-Obee Holdings Limited Employee Share Option Scheme 2010 (the "2010 Scheme")

On 11 February 2010, the Company held a special general meeting and approved to adopt the 2010 Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

Pursuant to the 2010 Scheme, the employees of the Group (including the executive Directors and the 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 the 2010 Scheme at the absolute discretion of the Remuneration Committee (the "RC").

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

36. SHARE-BASED PAYMENTS *(continued)*

Equity-settled share option scheme – Z-Obee Holdings Limited Employee Share Option Scheme 2010 (the "2010 Scheme") *(continued)*

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 2010 Scheme, the Bermuda Companies Act, the Listing Manual of the SGX-ST and the Hong Kong Listing Rules on the HKSE, the RC may, when making the offer, impose any conditions, restrictions or limitations in relation thereto as it may at its absolute discretion think fit.

The original number of shares which may be allotted and issued upon exercise of all share options to be granted under the 2010 Scheme 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 the completion of the dual primary listing on the Main Board of HKSE.

On 18 August 2011, an ordinary resolution was proposed at the annual general meeting of the Company to approve the refreshment of the scheme mandate limit to grant options under the 2010 Scheme and any other share option scheme of the Company. The resolution was approved and the total number of shares which may be allotted and issued upon exercise of all share options to be granted under the "refreshed" 2010 Scheme and any other share option scheme of the Company must not exceed the aggregate of 63,557,366 shares, representing 10% of the issued share capital of the Company as at the date of passing of the resolution unless the Company obtains a fresh approval from the owners of the Company in general meeting.

Details of the specific categories of options pursuant to the "refreshed" 2010 Scheme granted as follows:

Date of grant	Vesting period	Exercise period	Exercise price
6 January 2012	10,200,000 options to be vested on 6 January 2013	6 January 2013 to 10 February 2020	HK$0.72
19 March 2012	1,200,000 options to be vested on 19 March 2013	19 March 2013 to 10 February 2020	HK$1.11

Under the "refreshed" 2010 Scheme, if the share options remain unexercised after a period of 10 years from 11 February 2010, the share options expire. Share options are forfeited if the employee leaves the Group before the share options vest.

36. SHARE-BASED PAYMENTS *(continued)*

Equity-settled share option scheme – Z-Obee Holdings Limited Employee Share Option Scheme 2010 (the "2010 Scheme") *(continued)*

Details of the share options outstanding during the year are as follows:

	Number of share options	Weighted average exercise price HK$
As at 1 April 2010, 31 March 2011 and 1 April 2011	**–**	–
Granted during the year	**11,400,000**	0.76
As at 31 March 2012	**11,400,000**	0.76
Exercisable as at 31 March 2012	**–**	–

The options outstanding at the end of the year have a weighted average remaining contractual life of 7.9 years. The estimated fair values of the options on 6 January 2012 and 19 March 2012 were US$444,048 and US$93,306 respectively.

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

	Share options granted on	
	6 January 2012	19 March 2012
Share price	HK$0.62	HK$1.06
Exercise price	HK$0.72	HK$1.11
Expected volatility	65%	65%
Expected life	8.1 years	7.9 years
Risk free rates	1.39%	1.15%
Expected dividend yield	Nil	Nil
Exercise multiple	2.75 times	2.75 times

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 2 years. The expected life used in the model has been adjusted, based on the Group's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transaction

As at 31 March 2012, proceeds from disposal of available-for-sale financial asset of US$1,582,654 was not yet settled and was included in prepayment, deposits and other receivables.

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 certain subsidiaries of the Company as at 31 March 2012 amounted to US$32,722,208 (2011: US$41,508,611);

(b) unlimited guarantees to banks in respect of banking facilities granted to certain subsidiaries of the Company as at 31 March 2011 and 2012; and

(c) a corporate guarantee to a bank in respect of banking facilities granted to a subsidiary of the Company as at 31 March 2011 and 2012.

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 and the maximum liability of the Company under the financial guarantees issued is as follows:

	2012 **US$**	2011 US$
Guarantees as mentioned in (a) above – amounts of finance leases and general banking facilities drawn	**8,306,439**	6,443,291
Guarantees as mentioned in (b) above – amounts of finance leases and general banking facilities drawn	**19,313,200**	6,735,618
Guarantee as mentioned in (c) above – amounts of bank borrowings drawn	**5,637,245**	1,425,000
	33,256,884	14,603,909

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

39. LEASE COMMITMENTS

As at 31 March 2012, operating lease payments represent rental payable by the Group for certain of its offices (2011: certain of its offices and factory premises) and the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Group	
	2012	2011
	US$	US$
Within one year	**115,002**	697,468
In the second to fifth years inclusive	**6,148**	106,887
	121,150	804,355

Leases are negotiated for an average term of five years (2011: five years) and rentals are fixed over the lease terms and do not include contingent rentals.

40. 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	**2012**	2011
		US$	US$
Sale of goods to a related company	(i)	**8,918,617**	540,873
Purchase of goods from a related company	(i)	**–**	1,077,436
Consultancy fees paid to a related company	(ii)	**12,535**	119,049

Note:

(i) Amounts represented sales of goods to and purchase of goods from Yoho King Group during the year.

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

(b) Key management personnel remuneration

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

41. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 15 June 2012.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling 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				
	2012	2011	2010	2009	2008
	US$	US$	US$	US$	US$
RESULTS					
REVENUE	**136,838,712**	148,293,097	139,454,026	103,623,852	119,594,116
Cost of goods sold	**(129,719,413)**	(134,546,713)	(127,815,252)	(95,116,448)	(103,419,592)
Gross profit	**7,119,299**	13,746,384	11,638,774	8,507,404	16,174,524
Other income	**4,037,980**	1,336,874	922,361	1,256,790	576,463
Selling and distribution costs	**(153,950)**	(545,161)	(45,089)	(47,291)	(1,309)
Administrative expenses	**(4,083,465)**	(4,766,386)	(4,704,555)	(5,103,964)	(5,773,361)
PROFIT FROM OPERATIONS	**6,919,864**	9,771,711	7,811,491	4,612,939	10,976,317
Finance costs	**(644,901)**	(612,122)	(509,718)	(543,701)	(792,127)
Share of profit of a jointly-controlled entity	**–**	–	–	434,886	743,595
Fair value gains on financial assets at fair value through profit or loss	**283,189**	5,870,818	–	–	–
Impairment loss on property, plant and equipment	**(399,250)**	–	–	–	–
Impairment loss on non-current assets classified as held for sale	**(149,687)**	–	–	–	–
Impairment loss on intangible assets	**–**	(833,334)	–	–	–
Impairment loss on available-for-sale asset	**–**	(747,498)	–	–	–
PROFIT BEFORE TAX	**6,009,215**	13,449,575	7,301,773	4,504,124	10,927,785
Income tax expense	**(872,477)**	(2,010,662)	(2,100,210)	(593,608)	(810,000)
PROFIT FOR THE YEAR	**5,136,738**	11,438,913	5,201,563	3,910,516	10,117,785
Attributable to:					
Owners of the Company	**5,136,738**	11,438,913	5,201,563	3,959,401	10,180,710
Non-controlling interests	**–**	–	–	(48,885)	(62,925)
	5,136,738	11,438,913	5,201,563	3,910,516	10,117,785

FIVE YEAR FINANCIAL SUMMARY

	As at 31 March				
	2012	2011	2010	2009	2008
	US$	US$	US$	US$	US$
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	**148,583,378**	138,533,725	109,421,126	77,394,263	71,321,666
TOTAL LIABILITIES	**(38,004,549)**	(34,873,694)	(32,054,336)	(23,457,205)	(19,713,327)
Non-controlling interests	**–**	–	–	–	(93,247)
	110,578,829	103,660,031	77,366,790	53,937,058	51,515,092

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 2012 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: 15 June 2012

SHAREHOLDERS' INFORMATION

SHAREHOLDERS' INFORMATION AS AT 12 JUNE 2012

Authorised Share capital	:	US$10,000,000
Issued and fully paid capital	:	US$5,084,590
Number of shares	:	635,573,662
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	7	0.23	1,885	0.00
1,000 – 10,000	1,068	34.72	6,786,000	1.07
10,001 – 1,000,000	1,972	64.11	138,363,767	21.77
1,000,001 and above	29	0.94	490,422,010	77.16
Total	3,076	100.00	635,573,662	100.00

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Wise Premium Limited	153,310,250(1)	24.12	–	–
Wang Shih Zen	31,406,500(2)	4.94	153,310,250(1)	24.12

(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 Shih Zen is deemed to be interested in Wise Premium Limited's 153,310,250 shares in the capital of the Company.

(2) Mr. Wang Shih Zen held 200,000 shares through HKSCC Nominees Ltd. Together with his direct holdings of 31,206,500 shares, Mr. Wang held 31,406,500 shares, representing 4.94% of the issued share capital of the Company.

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	170,882,750	26.89
2	WISE PREMIUM LIMITED	153,310,250	24.12
3	CITIBANK NOMINEES SINGAPORE PTE LTD	79,136,000	12.45
4	WANG SHIH ZEN	31,206,500	4.91
5	DMG & PARTNERS SECURITIES PTE LTD	7,218,000	1.14
6	NG BAN HOCK	5,000,000	0.79
7	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,729,000	0.59
8	OCBC SECURITIES PRIVATE LTD	3,260,000	0.51
9	TAN SIAH HWEE	3,175,000	0.50
10	YANG SIOK HUM	2,899,000	0.46
11	MAYBAN NOMINEES (SINGAPORE) PTE LTD	2,602,000	0.41
12	POH CHOO BIN	2,550,000	0.40
13	CIMB SECURITIES (SINGAPORE) PTE LTD	2,423,000	0.38
14	PHILLIP SECURITIES PTE LTD	2,411,000	0.38
15	CHOAH LEONG YEW	2,070,000	0.33
16	TAY BAN YEW	2,000,000	0.31
17	TSE KWAI HA	2,000,000	0.31
18	UOB KAY HIAN PTE LTD	1,810,000	0.28
19	CHUA SIEW LIAN	1,754,000	0.28
20	MAYBANK KIM ENG SECURITIES PTE LTD	1,534,000	0.24
	TOTAL	480,970,500	75.68

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Approximately 70.94% of the Company's shares are held by the public as at 12 June 2012. 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

Directors	:	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 (Lead Independent Director) 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 David Lim Teck Leong Wang Shih Zen
Authorised representatives	:	Wang Shih Zen Siu Yun Tang

CORPORATE INFORMATION

Compliance advisor	:	New Spring Capital Limited 10th Floor, Hip Shing Hong Centre, 55 Des Voeux Road Central, Central, Hong Kong
Joint company secretaries	:	Busarakham Kohsikaporn, FCIS Shirley Lim Keng San, FCIS Siu Yun Tang
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
Assistant secretary Bermuda share registrar	:	Codan Services Limited Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda
Singapore share registrar and share transfer agent	:	Tricor Barbinder Share Registration Services 80 Robinson Road, #02-00 Singapore 068898
Hong Kong branch share registrar and share transfer agent	:	Tricor Investor Services Limited 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong

CORPORATE INFORMATION

Principal bankers	:	Standard Chartered Bank (Hong Kong) Limited DBS Bank (Hong Kong) Limited Australia and New Zealand Banking Group Limited Nanyang Commercial Bank Limited Shanghai Pudong 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: Maria Tsang (with effect from year ended 31 March 2011)
Stock code	:	Singapore : D5N Hong Kong : 948
Corporate website	:	http://www.z-obee.com

www.z-obee.com