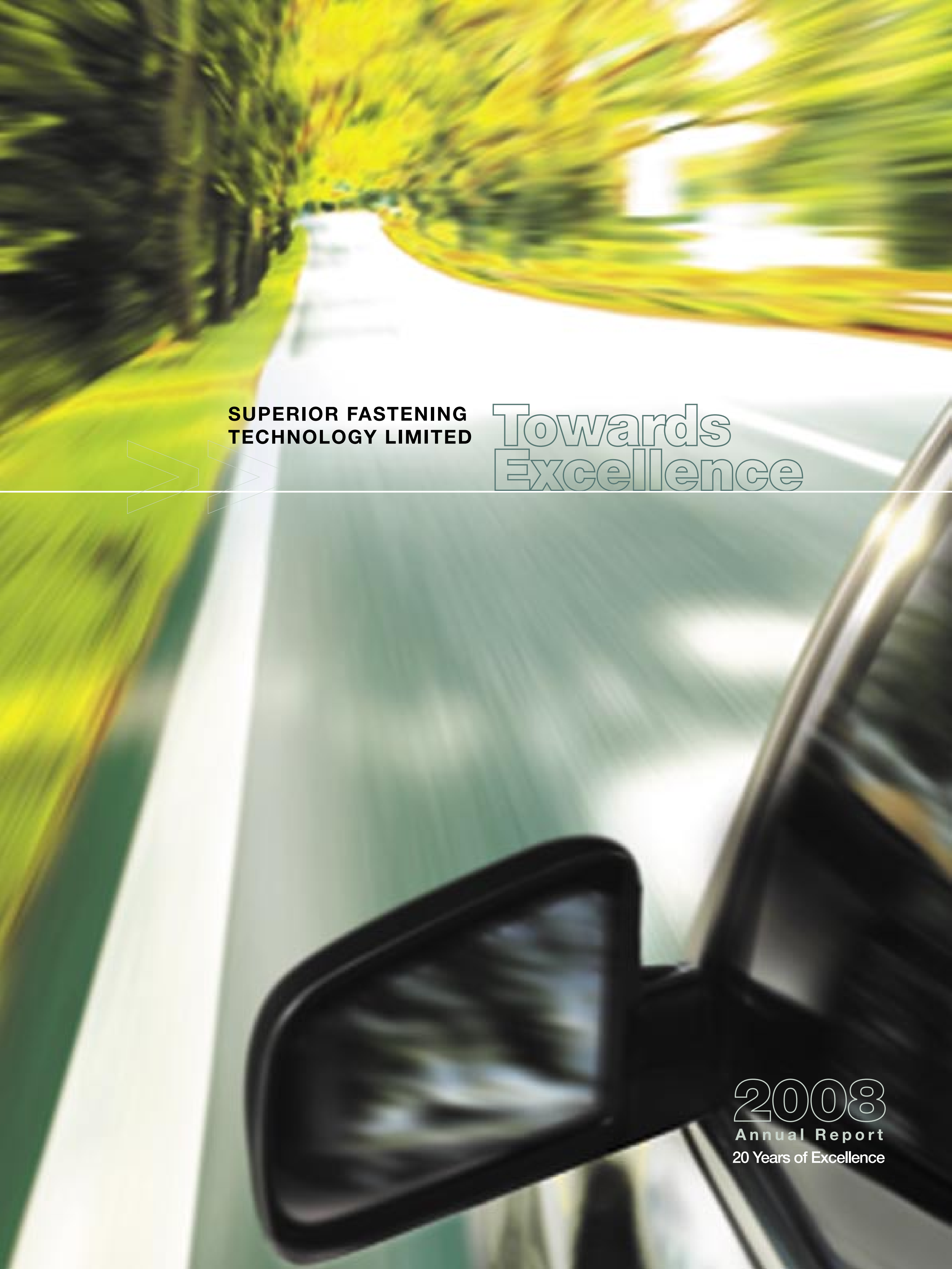
SUPERIOR FASTENING TECHNOLOGY LIMITED

Towards Excellence



2008
Annual Report
20 Years of Excellence

Contents

Mission Statement

To be a world-class manufacturer of metallic fasteners with fully integrated metal-forming, metallurgy and surface treatment capabilities.

To engage customers with constant improvements in technology, quality standards and competitiveness.

Cover Rationale

The creative concept behind the Annual Report draws inspiration from the everyday experience of cruising along a road in a car. The result is a visually cohesive image that captures the eye and embodies the strong corporate values of Superior. The blurred image of the trees and the robust mix of colours speak of Superior Technology's forward momentum and growth potential, as well as its agility in managing change. The car symbolizes the Company's continuous drive to attain quality and excellence, riding on technology and innovation, while setting the pace for growth. Together, these elements represent Superior Technology's unwavering focus on the road ahead, towards higher excellence and greater success.

Statement Under Rule 752(2) of the Rules of Catalist

This document has been reviewed by the Company's Sponsor, KW Capital Pte. Ltd. The Sponsor has not independently verified the contents of this document. The document has not been examined or approved by the Singapore Exchange Securities Trading Limited ("SGX-ST") and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any statements or opinions made or reports contained in this document.

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Corporate Profile

Superior Fastening Technology Limited was founded in 1988 by Mr Lam Tak Shing and Mr Tang Yuk Fung. From its humble beginnings as a supplier of audio/video cassette fasteners, it has grown to become a leading one-stop shop for fastener solutions, taking care of the requirements of a global base of customers.

The Group's manufacturing bases in Huizhou and Shanghai house state-of-the-art equipment, with cold forming, precision tooling, electro-plating, heat treatment, testing and inspection capabilities. The Group has adopted Total Quality Management and is ISO9001:2000 certified. In 2006, the Shanghai facility attained the TS16949 certification, an accreditation accepted by the global automotive industry as a standard of quality.

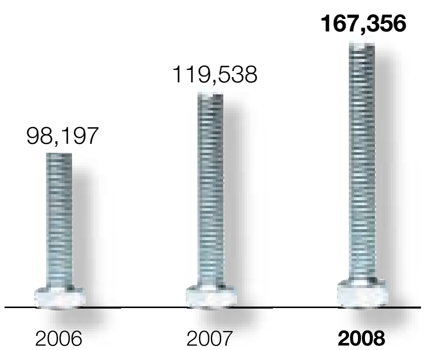
Today, Superior Fastening designs and manufactures high quality metallic fasteners catering to a wide range of industries, including IT, telecommunications, electronics and automotive. Superior Fastening currently has an annual production capability of more than six billion fasteners and over 4,500 tonnes of plating.

Superior Fastening serves world-renowned Fortune 500 companies across Asia, Europe, the Americas and the Middle East. The Group's corporate headquarters is in Hong Kong and it has a representative sales office in Singapore.

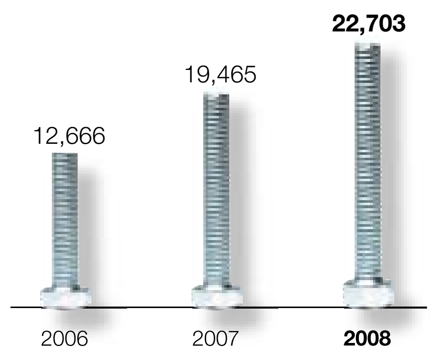
Superior Fastening was listed in 2003 and its shares are currently traded on the Catalist board. In line with its commitment to good corporate governance, the Group appointed KW Capital Pte Ltd as Continuing Sponsor in April 2008.

Financial Highlights

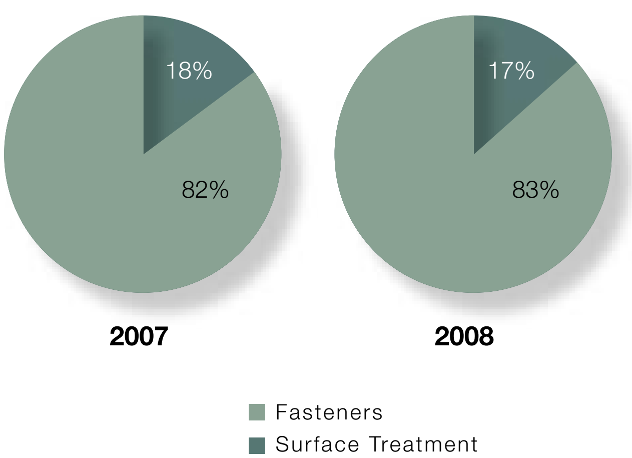
Sales Revenue (HK$'000)



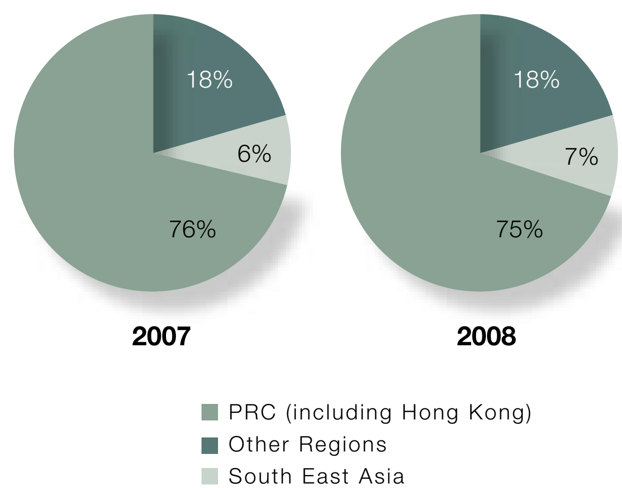
Profit Before Tax (HK$'000)



Turnover by Business Segments (HK$'000)



Turnover by Regions




Process
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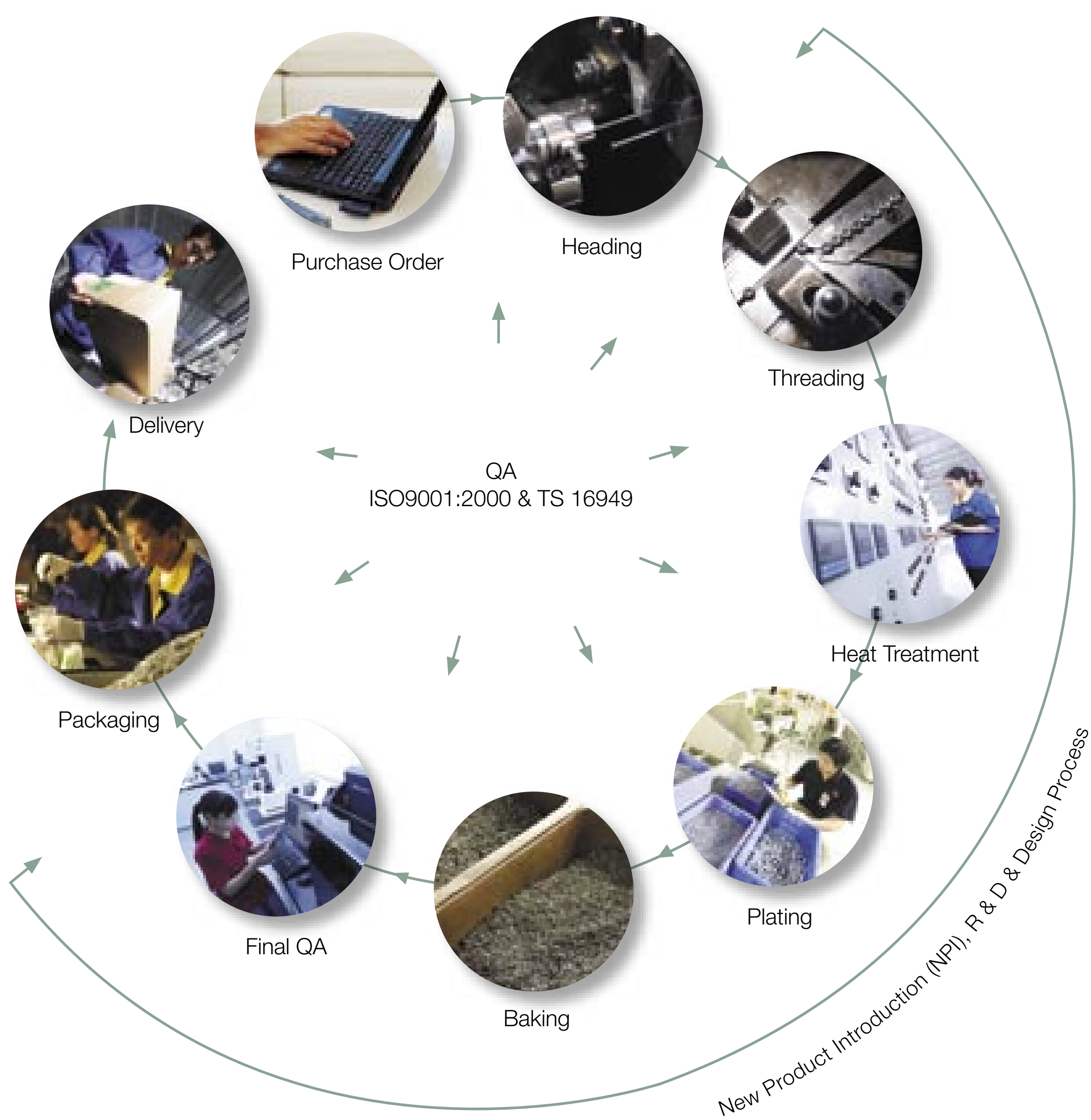
"We believe that investing in the right assets goes a long way in enabling us to keep pace with changes in market conditions."

At Superior, we believe that investing in the right assets goes a long way in enabling us to keep pace with changes in market conditions. Our facilities house modern equipment that caters to all the critical aspects of fasteners production, from cold forming and precision tooling, to electro-plating, heat treatment, testing and inspection.

This means we get to reap the benefits of having full value chain control, which in real terms, translates into greater cost efficiency and increased responsiveness. This is how Superior creates value for our global customers.

Our capabilities are supported by our commitment to quality. The Group has adopted Total Quality Management and is ISO9001:2000 certified. In 2006, our Shanghai plant was awarded the TS16949 certification, while our Huizhou plant attained the QC080000 certification. The fact that we are able to comply with international standards means that our processes and products are designed to ensure the safety and well-being of consumers, and to contribute to the conservation of the environment. It also means that customers working with Superior can rest assured that they are dealing with people who practice the highest standards of professionalism and quality.

Value Chain



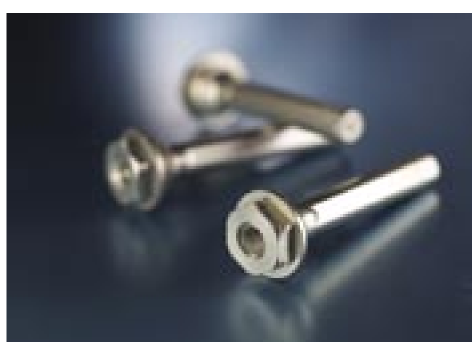
Potential >>

"We focus on 'realizing imagination' – constantly seeking to turn our ideas into tangible products."

We have the capabilities to manufacture all types of fasteners, ranging from simple rivets to highly complex multi-stage fasteners. Still, in today's highly dynamic and progressive world, there is an ocean of possibilities.

As an organization with high regard for innovation and creativity, we focus on '*realizing imagination*' – constantly seeking to turn our ideas into tangible products. In our relentless pursuit of excellence, we are focused on working closely with our customers to design and develop customized products of exceptional quality.

Our innovative and highly experienced team of engineers plays a vital role in identifying gaps in our customers' value-chain and customizing solutions that fill these gaps. And the advantage we have is an intimate knowledge of our customers' business operations.





Presence
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"Our extensive range of fasteners is used in products globally and across a wide range of applications."

Superior serves world-renowned Fortune 500 companies across Asia, Europe, the Americas and the Middle East.

Our extensive range of fasteners is used in products globally and across a wide range of applications, including motors and power tools, consumer electronics, computers and computer peripherals, and automotive components.

We are single-minded in our efforts to entrench our position as an integrated fastening solutions provider in the global electronics and automotive marketplace. Building on our credibility with our successful global customers, we will continue to expand our sales reach in the important emerging markets of Europe and the Middle East, and gain new customers from the automotive industry.

As we expand our global footprint, we continue to sustain a value-oriented and consumer-centric culture. This allows us to provide rapid, cost-effective and truly quality solutions for our customers – wherever they are.

Our Presence

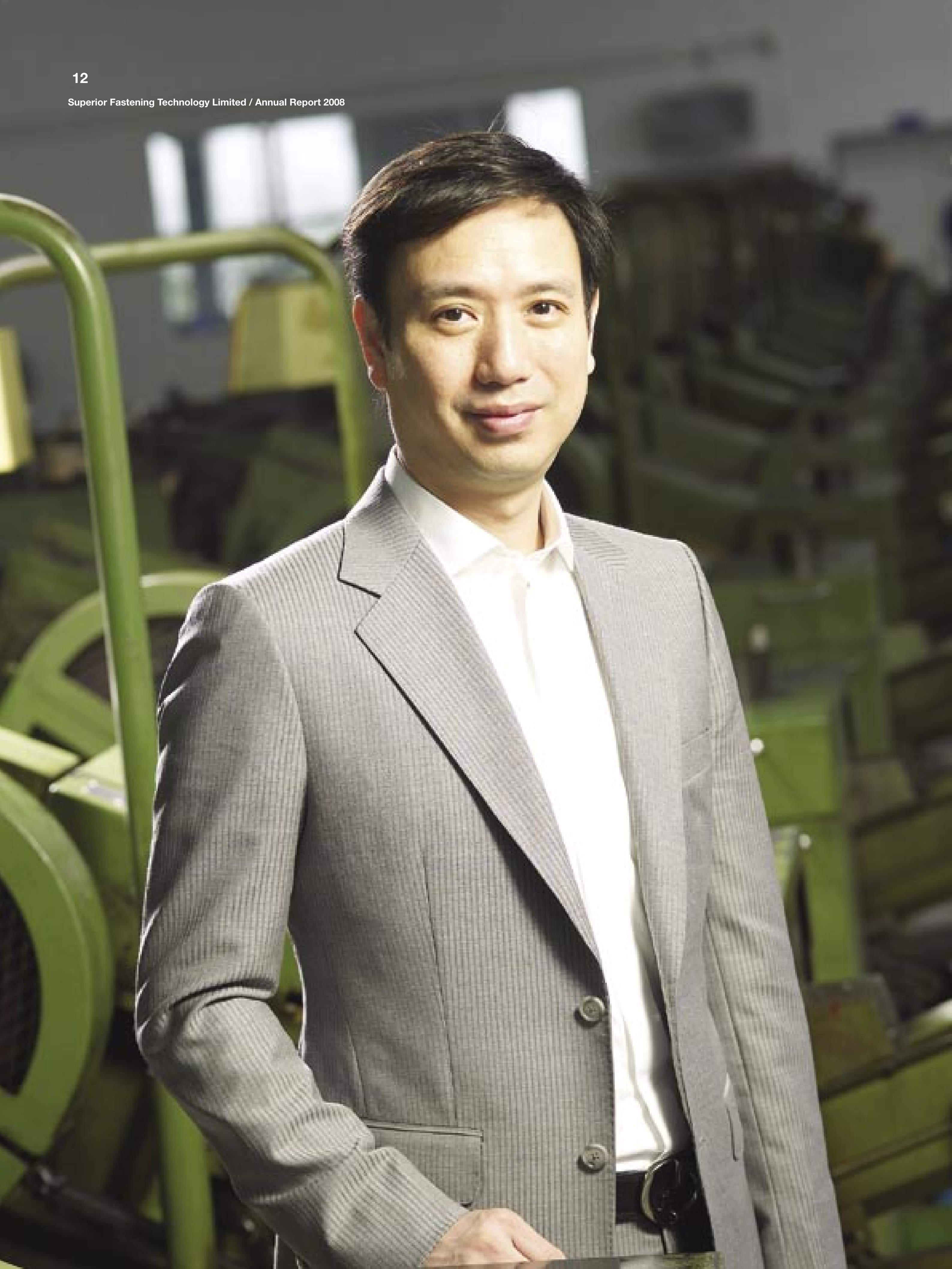
Partnership >>

"The shared goal of building long-lasting, mutually beneficial partnerships governs our every interaction."

Partnership is the heart of Superior's business conduct. We see ourselves as bridge-builders in all our relationships, whether with our customers, suppliers, business associates, employees or shareholders. The shared goal of building long-lasting, mutually beneficial partnerships governs our every interaction.

We believe in working closely with all our stakeholders in an environment of mutual understanding and trust. Though these relationships take time to take root and grow, the satisfaction of having a network of partners that we can fully trust and rely on is sufficient to keep us going.

Our teams work hard to support one another at every step of the value chain, each playing their part in sewing a seamless and highly efficient workflow process. Such a collaborative approach ensures that we constantly create value for our customers and all our stakeholders.



Chairman's Message

Dear Shareholders,

2008 marks Superior Fastening's 20th year in business, and we are delighted to be able to mark this milestone with a set of record results for the financial year ended 31 March 2008 (FY08).

During the year under review, the Group achieved a 40% increase in revenue to a record HK$167.4 million, compared to the financial year ended 31 March 2007 (FY07). Operating and net profit of HK$29.1 million and HK$20.1 million respectively also reached new highs, representing improvements of 23% and 21% from the previous year. Our gross margin remained strong at 42.2%, compared to 41.9% in FY07. Earnings per share was 15% higher at 17.1 HK cents.

Between FY03 when we were listed, and FY08, we achieved a cumulative average growth rate (CAGR) of 32.5% for revenue and 15.2% for profit before tax.

SEGMENTAL REVIEW

Our Fasteners Division reported a 41% year-on-year growth in revenue from HK$106.4 million to HK$150.4 million, and remains the Group's largest segment in terms of revenue. The higher revenue levels were led by increased sales activity following the opening of our new Shanghai facility in September 2007, and the strengthening of our sales force.

Our Surface Treatment Division also performed well, with revenue rising 40% from HK$22.7 million to HK$31.7 million. This was driven by strong contribution from the new heat treatment line in the Group's Huizhou facility, and the new electroplating and heat treatment lines in the Shanghai facility. This division accounted for approximately 17% of the Group's revenue in 2008, and 18% in 2007.

The PRC (including Hong Kong) continued to be our major market, accounting for 75% of the Group's revenue in 2008. Revenue from this market grew 37% to HK$125.1 million, compared to HK$91.4 million in 2007. We benefited from the robust economic growth in the greater China region and also maiden full year contribution from the Shanghai factory.

South East Asia continued to grow at a steady pace, with revenue rising 78% to HK$11.5 million, compared to HK$6.5 million last year. Revenue from this market accounted for approximately 7% of the total revenue, compared to 6% in 2007.

Revenue from other regions posted significant growth, increasing 41.5% to HK$30.7 million in 2008 from HK$21.7 million a year ago. This segment, which includes customers in the USA and Canada, Europe, Russia and Eastern Europe, and the Middle East, accounted for 18.4% of the Group's total revenue.

HEALTHY BALANCE SHEET AND CASHFLOW GENERATION

The Group ended the year with total shareholders' equity standing at HK$116.6 million, an increase of 34% over the previous financial year. Total assets increased 55% to HK$307.9 million while total liabilities rose 72% to HK$191.3 million, due to higher debt financing for the Group's capacity expansion plans. Net assets per share rose 25% to 97.2 HK cents from 77.8 HK cents a year ago.

Cashflow from operating activities was HK$22.4 million, nearly 37% higher over 2007. With cash and cash equivalents at the end of the year standing at HK$29.4 million, representing a 32% increase over 2007, we are confident of meeting the needs of the Group's expansion plans and interest expenses in the coming year.

OPERATIONS REVIEW

Our record results were achieved despite an increasingly competitive environment due to the highly fragmented nature of our industry. We have faced demands of rising operating costs and soft market conditions, and yet emerged stronger.

How did we manage that?

Superior Fastening's development over the last two decades has been based on two closely linked factors – people and processes. We have always placed great emphasis on people development, as we have placed on investment in equipment and technology. This has helped us become what we are today – a one-stop shop offering a complete range of solutions to our customers. Our extensive range of fasteners are used in products globally and across various industries – automotives, mobile phones, power tools, PDAs, printers, and various other electronic appliances that you use everyday in the home.

FY08 saw increased contribution from our subsidiaries in Shanghai and Huizhou, as we enhanced our capabilities in these locations to strengthen our position in the higher value automotive market. New equipment such as a tooling centre and a digital concentricity grinding machine were added to the plants, and the number of cold forging machines and CNC auto-lathe machines were increased.

Chairman's Message (Cont'd)

Our facilities now house fastener manufacturing, electroplating, surface and heat treatment capabilities and are strategic assets that will continue to drive our growth in higher value-added businesses.

Despite the challenging operating conditions of rising oil and raw material prices, and the general weakness in the global technology sector, our focus on continuous improvement and cost management enabled us to grow our business with existing customers and increase our efficiency. Our marketing effort, together with our ability to customize products to our customers' specifications, also paid off in the form of an expanded sales reach in Europe and new customers from the automotive industry.

To top it off, we were awarded the "Global Supplier" status by FIAT Group, one of our international automotive customers. This recognition is an endorsement of our design capabilities, product quality and commitment to building long-standing partnerships with our customers, and we are truly encouraged.

OUTLOOK

I have always been, and continue to be excited about the Group's future. We are well-positioned to ride on the continuing trend of outsourcing in Asia. The growing affluence in Eastern Europe and the Asia region including China and Middle East should continue to drive demand for consumer goods, and bring waves of opportunity to our shores, even as we strengthen our footprint in the emerging markets and tap our existing base of multinational customers.

While we proudly recognize our achievements this past year and for the past 20 years, we are by no means underestimating the challenges of the future. Already, we are putting on our thinking caps and creating new and better ways of doing business.

Going forward, we aim to strengthen our position in the industry by increasing our proportion of high-value and high-growth automotive business. While sharpening our core expertise, we will also strive to become a leaner business machine – improving operational efficiency and productivity so as to strengthen ourselves for the long haul.

There is much to do as we continue to focus on developing our people and building quality processes, to create exceeding value for our customers around the world. With a good growth strategy in place and a great management team and staff, we look forward to turning in another profitable year in 2009.

APPRECIATION

Superior Fastening has come a long way from its humble beginnings as a supplier of fasteners for audio and video cassettes 20 years ago. Today, we have become a world-class fastening specialist to a global base of customers and products. We owe our success to the invaluable partnership of our customers, the unwavering support of our business associates, the dedication of our employees and the belief that our shareholders have in us.

On behalf of the Board of Directors, thank you for journeying with us through the years, and look forward to sharing more fruit of our labour with you in the years to come.

Lam Tak Shing
Chairman & CEO

主 席 致 詞

敬愛的股東

2008年是卓越科技有限公司成立的第20年,我們很高興的能在公司進入這個里程碑之際,獻上一份取得新高的業績,這是截至2008年3月31日的財政年度(2008財政年)報告。

在這一回顧年裏,集團的總營收與截至2007年3月31日止的2007財政年同比,增長了40%,達到1億6740萬港元的新高。營運利潤和净利潤分別是2910萬港元和2010萬港元,兩者也同樣是創下新高,與上一年比較,分別增長了23%與21%。同比財政年2007的41.9%,我們的毛利仍然保持强勁達42.2%。每股盈餘也較上個財政年高出15%,即港元17.1分。

從2003財政年上市到2008財政年的這段期間,我們的營收累積年均增長率達到了32.5%,而稅前利潤則達到15.2%。

部門回顧

我們的螺絲與扣件部門年對年的營收增長,從1億640萬港元升至1億5040萬港元,仍舊是集團最大的營收來源。這較高的營收是隨着2007年9月上海工廠開幕後銷售量增加,以及加强我們的銷售隊伍而取得的成果。

我們的表面處理部門也有同樣的良好表現,其營收從2270萬港元增至3170萬港元,提高了40%。這是由于集團在惠州的全新熱處理生產綫,以及在上海的全新的電鍍與熱處理綫投入生產,爲集團的營收作出重大貢獻。這一部門的營收在2007年與2008年分別占集團總營收的約18%與17%。

中國大陸與香港仍然是集團最重要的市場,兩地市場占集團2008年總營收的75%。與2007年的9140萬港元比較,此市場的營收增長了37%,達到1億2510萬港元。我們也在大中華區域强勁的經濟增長帶動下,以及上海工廠投入生產的第一個全年貢獻中獲益。

另一方面,東南亞市場也以穩健的步伐繼續增長,此區域的營收從去年的650萬港元增長了78%,達到1150萬港元。此市場占集團的總營收比率在2007年和2008年分別是6%和7%。

來自其他區域的收入也有明顯的增長,比較于一年前的2170萬港元,提高了41.5%達到3070萬港元。這一區,包括美加與歐洲、俄羅斯與東歐,以及中東,爲集團貢獻了總營收的18.4%。

健康的資產負債表與現金流

集團在年終時,股東股本總值爲1億1660萬港元,比上一財政年提升了34%。總資產增長了55%,達到3億790萬港元,而總負債也由于集團擴展生產計劃需要更高的債務融資而增加72%,達1億9130萬港元。每股資產净值從一年前的港元77.8分上升了25%,達到港元97.2分。

營運方面的現金流爲2240萬港元,比2007年多出近37%。年終的現金與現金等價物總值達2940萬港元,比起2007年高出32%。我們有信心能在未來的一年裏,滿足集團擴展計劃與利息開支的需要。

營運回顧

雖然我們屬于高度零散性質的業界,面對競爭日益激烈的環境,但我們仍然取得歷來最佳的業績。我們面對營運成本上升和市場趨軟情況,但我們却變得更爲强大。

我們是如何做到的呢?

卓越科技有限公司在過去二十年來的發展,一直都是以兩大緊密相連的元素:即人員與程序爲基礎的。在投資于設備與科技的同時,我們一直都在加强人員的發展。這成就了今天的我們——一個爲我們的客户提供全面完整的解决方案的一站式公司。我們的種類廣泛的螺絲與扣件,爲全球與多個領域的產品所采用;這些領域包括汽車、手機、電力工具、掌上型電腦(PDA)、影印機,以及多種其他日常家居電器用品。

2008財政年,在我們鞏固在高值汽車市場的地位,加强我們在上海和惠州子公司的生產能力,使這兩地對集團的貢獻有所提升。新的設備,如爲工廠增添一模具中心和一臺數位磨床,并增加冷鍛模機器與CNC自動車床的數目。我們工廠的生產設備目前包括螺絲扣件生產、電鍍、表面與熱處理能力,它們都將是我們的策略性資產,持續推動我們在更高附加值業務方面的增長。

盡管面對油價與原料價格持續高漲的挑戰,以及全球科技領域的普遍趨弱,我們還是專注于不斷的改進與對成本的管理,使我們的業務能同現有的客户一起成長,同時也提高我們的效率。我們在行銷方面的努力,以及我們針對客户的要求而爲他們量身定制產品,使銷售業務擴展至歐洲,更使我們贏得汽車領域的新客户。
更值得一提的是,我們也獲國際汽車客户之一的菲亞特汽車制造商(FIAT Group)頒發的“全球供應商”地位。這個認可可以說是對我們的設計能力、產品素質,以及承諾同客户建立長期伙伴關系的肯定,我們也因此深受鼓舞。

展望

對于我們集團的未來,我一直都秉持樂觀的態度。我們具備良好的條件把握亞洲的外包市場需求持續的趨勢。東歐與亞洲地區,包括中國與中東的日益富裕,應會持續的提高消費品需求,并把商機帶給我們,更何況我們會持續加强在新興市場上的地位,以及發展我們現有的跨國客户的基礎。

在我們很自豪的的回顧我們在過去一年與20年來的成績時,我們絶不會低估我們未來的挑戰。我們已開始動腦筋思索着如何創造更新更好的做生意法門。

展望未來,我們期望提高我們的高值與高增長的汽車業務,來鞏固我們在這個業界的地位。在加强我們的核心專業知識與才能的同時,我們也將致力達成運作模式的簡單化——提高運作的效率與生產力,以便加强我們的實力應對持久的競爭。

我們在持續的發展我們的人員與建立高素質的程序,爲我們遍布世界各地的客户創造更高的價值方面,還有許多可以努力的空間。制定良好的增長策略和擁有一組優秀的管理人員與職員,我們展望另一個豐收的2009年。

感謝

卓越科技有限公司從一間小規模的録音、録像帶的螺絲供應商起家,走過20年的歷練才擁有今天的增長。今天,我們已成爲擁有全球客户與產品的世界級螺絲與扣件專家。我們把自己的成就歸功予我們與客户之間的無價伙伴關系、生意伙伴堅定的支持、盡心奉獻的員工,以及股東給予我們的信任。

我謹代表董事局成員,感謝您過去多年來同我們一起經歷的歲月,期望能與大家在未來的日子,分享我們辛勤努力的碩果。

林德誠
主席兼總裁

Corporate Milestone

1988
FOUNDED IN HONG KONG

Superior Screws Manufacturers Limited was founded in Hong Kong and produced fasteners for audio and video cassettes

1993
PRODUCTION MOVED TO CHINA

One of the first wave of companies to transfer production to the PRC – our Dongguan facility benefited from lower production costs

1995
PLATING FACILITY

With the formation of Silver Star Electro-Plating Co, Ltd. the Group now had in-house capability for surface treatment processes

1999
SHIFT IN STRATEGIC FOCUS

Our business focus shifted to the electronics sector to provide fasteners for products such as printers, computers, mobile phones, etc

2000
EXPANSION IN CHINA

Superior Screws (Huizhou) Industry Company Ltd was set up as a wholly owned foreign enterprise – it consolidated the manufacturing and surface treatment activities and obtained ISO9001 accreditation

2003
SUPERIOR IPO IN SINGAPORE

Superior Fasteners (S) Pte Ltd was founded and the Group was listed on SESDAQ in December 2003

2004
FURTHER EXPANSION IN CHINA

Our second factory in China – Superior Fastening (Shanghai) Ltd was founded and quickly obtained iSO9001 accreditation

2006
TS16949 ACCREDITATION

To capture the fast-growing automotive industry, our Shanghai plant achieved this sought after accreditation in March 2006

2007
DEVELOPING NORTHERN CHINA MARKET

In line with expansion plans, a new factory was set up on our own premises in Shanghai

Board of Directors

>> Lam Tak Shing

>> Tang Yuk Fung

>> Kwan Suk Yee

>> Chan Kam Fuk

>> Tan Chong Huat

>> See Yen Tarn

Lam Tak Shing

Chairman and CEO

Mr Lam Tak Shing was appointed to the Board of Superior Fastening Technology on 7 April 2003. He is the co-founder, Chairman and Chief Executive Officer of the Group. Having been in the fastener manufacturing business for over 20 years, Mr Lam has extensive technical experience and expertise in the industry. He is responsible for the overall strategic planning, management and business development of the Group.

Mr Lam entered into the fastening industry in 1983 when he became a Production Engineer with Tecko Screws Industrial Ltd. In 1986, he joined Dololo Cassette Screws Manufacturers Ltd as its Production Manager and was in charge of overseeing its entire manufacturing division. In 1988, along with Mr Tang Yuk Fung, Mr Lam founded Superior Fastening Technology and he has been with the Group since that time.

Mr Lam holds a Certificate in Basic Science for Electroplaters from Hong Kong Productivity Centre. He is currently Vice-Chairman of the Hong Kong Screw and Fastener Council which is a subsidiary of the Chinese Manufacturers' Association of Hong Kong.

Tang Yuk Fung

Executive Director

The Group's co-founder and Executive Director is responsible for the operations of the Group. Mr Tang Yuk Fung was appointed to the Board on 7 April 2003. Mr Tang is now responsible for the overall production, factory management, and all other key manufacturing aspects of the Superior Fastening Technology's business.

Mr Tang has been in the fastening industry for nearly three decades and as a result he has built up extensive and in-depth technical know-how in the manufacture and processing of fasteners.

Mr Tang's previous role was Factory Manager at Tecko Screws Industrial Ltd which he undertook from 1978 to 1988. In this position he was in charge of overall factory management along with production and process planning. Together with Mr Lam Tak Shing, he founded the Superior Fastening Technology in 1988 and has been an integral figure in the development of the Group. Mr Tang holds a Certificate in Basic Science for Electroplaters from the Hong Kong Productivity Centre.

Kwan Suk Yee
Executive Director
As the Group's Executive Director, Sales and Administration, Ms Kwan Suk Yee is responsible for the Group's overall administration, and sales and marketing functions. Ms Kwan has over 14 years of experience in the fastening industry and has established an excellent network of contacts in the business. She was appointed to the Board on 28 October 2003.

Prior to joining the Group, she was the Personal Assistant to the Managing Director of Yuen Shing Art & Craft Manufacturer Ltd from 1989 to 1990.

At Yuen Shing Art & Craft, her responsibilities included roles in the sales and marketing of the company's products as well as client liaison and management. In 1990, Ms Kwan joined Superior Fastening Technology as the Sales and Marketing Manager and her role has developed in tandem with the continued success of the Group. Ms Kwan graduated from the Hong Kong School of Commerce with a Diploma in Secretarial Studies.

Chan Kam Fuk
Independent Director
Mr Chan Kam Fuk was appointed as an Independent Director for the Group on 28 October 2003. Currently, he is the Sole Proprietor of Dominic K F Chan & Co, Certified Public Accountants.

Mr Chan holds a Bachelor of Science degree in Engineering from the University of Hong Kong and a Master of Science degree in Finance from the City University of Hong Kong. He also holds a Master degree in Accounting from the University of Southern Queensland, Australia. Mr Chan is a member of the CPA Australia and an associate member of the Hong Kong Institute of Certified Public Accountants.

Tan Chong Huat
Independent Director
Mr Tan Chong Huat is our Independent Director and was appointed on 28 October 2003. Currently, Mr Tan is Managing Partner of KhattarWong, a firm of advocates and solicitors. He also heads its Corporate and Securities department and its International China Practice.

Mr Tan graduated with a degree and masters degree in law respectively from National University of Singapore and University of London. He is an advocate and solicitor of the Supreme Court of Singapore, a solicitor in England and Wales, a solicitor in Supreme Court of New South Wales, Australia, a Notary Public and a Commissioner for Oaths. He is also a member of the Singapore Institute of Arbitration, the Chartered Institute of Arbitrators, and an accredited arbitrator with China International Economic and Trade Arbitration Commission and a full member of Singapore Institute of Directors. He has extensive experience in corporate, banking and project finance law in Singapore and the region, and acted in numerous significant corporate transactions. He has been named a leading practitioner in many reputable professional publications, including Asia Pacific Legal 500, Asia Law Leading Lawyers.

Mr Tan is an adjunct associate professor of the Law Faculty, National University of Singapore and was conferred a Visiting Professorship by the Beijing Normal University. Besides authoring two leading literature on PRC investment laws, he recently co-authored a new title on "Corporate governance of listed companies in Singapore".

Mr Tan is also chairman of corporate governance committees and director of several public listed companies with operations in Australia, South East Asia, Indochina, Hong Kong and PRC.

See Yen Tarn
Independent Director
Mr See Yen Tarn, Independent Non-Executive Director. Mr See was appointed as an Independent Director on 2 December 2005. Mr See is presently the Group Chief Executive Officer of CSC Holdings Limited. Mr See holds a Bachelor of Accountancy degree from the National University of Singapore. He is also a Chartered Accountant from England and Wales.

Senior Management & Key Executives

Wong Shun Cheong, Alfred
Chief Financial Officer
Mr Wong was appointed as Chief Financial Officer for the Group on 4 March 2008. He is responsible for the overall organization and management of the Group's financial system and is in charge of reviewing all the financial data and reports of the companies within the Superior Fastening Technology Group.

Mr Wong started his career as an audit assistant in 1978 with Price Waterhouse (CPA). In 1980 he joined Novel Enterprise Limited as an accountant. From 1983 to 2006 he was the Financial Controller of Fabricators International Limited. He was the director of Fabricators International Limited and International Components Corporation Limited between 1995 and 2006. Mr Wong has been the Chief Financial Officer of Metro Capital Property Investment Fund, L.P. since 2007. He is also the independent director of Sky One Holdings Limited starting from 2007.

Mr Wong is a member of the Chartered Institute of Management Accountants (UK) and the Hong Kong Institute of Certified Public Accountants.

Chua Wah Moi
Group General Manager
Chua Wah Moi is the Group's General Manager and is responsible for all aspects of operations at our manufacturing plant in Huizhou, China.

Mr Chua joined the Company in April 2004 and has over 30 years of management experience in the manufacturing sector. Mr Chua was the Senior Operations Manager at Sanyo Electronic (Singapore) Pte Ltd from 1972 to 1993. Prior to joining Superior Fastening, he was engaged by JIT Holdings Ltd as a General Manager in charge of the Malaysia subsidiary of JIT.

Mr Chua holds a Diploma in Management & Business from the Singapore Institute of Management.

Lam Tse Shing
Operations Manager
Mr Lam is the Operations Manager for Superior Fastening Technology and is responsible for the sales, marketing and planning of the Group's surface treatment division.

Prior to joining the Group in 1995, Mr Lam was a Manager at Derico Glass Blasting & Engraving Co. Ltd from 1985 to 1995. In this position he was responsible for overseeing the sales and marketing of engraved decorative glass products, as well as management of all the technical aspects of production.

Report on Corporate Governance

The Board of Directors of Superior Fastening Technology Limited (the "Company") recognises the importance of and is committed to maintaining good standards of corporate governance so as to enhance corporate transparency and protect the interests of the Company's shareholders.

This report describes the corporate governance practices of the Company, with reference to the principles set out in the Code of Corporate Governance 2005 (the "Code") issued by the Council on Corporate Disclosure and Governance and adopted by the Singapore Exchange Securities Trading Limited (the "SGX-ST").

(A) BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with management to achieve this and the management remains accountable to the Board.

The Board of Directors (the "Board") comprises the following members:

Executive Directors
Mr Lam Tak Shing
Mr Tang Yuk Fung
Ms Kwan Suk Yee

Independent Directors
Mr Chan Kam Fuk
Mr Tan Chong Huat (Alternate: Mr Dennis Tan Sin Huat)
Mr See Yen Tarn

The Board effectively leads and controls the long-term vision and strategic direction of the Group. Apart from its statutory duties and responsibilities, the Board oversees the management and affairs of the Group and approves the Group's corporate and strategic directions. The Board is also responsible for implementing policies in relation to financial matters, which include risk management and internal controls and compliance. In addition, the Board reviews the financial performance of the Group, approves investment proposals, and approves the nomination of Directors to the Board, as well as the appointment of key management personnel. These functions are carried out either directly or through Board Committees such as the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC").

Matters which are specifically reserved to the full Board for decision are those involving a conflict of interest for a substantial shareholder or a Director, material acquisitions and disposal of assets, corporate or financial restructuring, share issuance and dividends, and financial results and corporate strategies.

Formal Board meetings are held at least twice a year to oversee the business affairs of the Group, and to approve, if applicable, any financial or business objectives and strategies. Ad-hoc meetings are convened when the circumstances require. The Company's Bye-laws allow a Board meeting to be conducted by way of teleconference and videoconference.

Report on Corporate Governance (Cont'd)

During the financial year, the Board held 3 meetings and the attendance of each Director at every Board and Board Committee meeting is as follows:-

Name	Board		Audit Committee		Remuneration Committee		Nominating Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Lam Tak Shing	3	3	–	–	–	–	–	–
Tang Yuk Fung	3	3	–	–	–	–	–	–
Kwan Suk Yee	3	3	–	–	–	–	–	–
Chan Kam Fuk	3	3	3	3	1	1	2	2
Tan Chong Huat (Alternate: Dennis Tan Sin Huat)	3	3	3	3	1	1	2	2
See Yen Tarn	3	3	3	3	1	1	2	2

The Board also communicates frequently through informal meetings and teleconference to discuss the Group's strategies and businesses.

Upon their respective appointments to the Board, each Director is given an orientation on the Group's business strategies and operations. From time to time, the Directors also receive further relevant training, particularly on applicable new laws, regulations and changing commercial risks which are relevant to the business and operations of the Group. The Directors are also updated on the business of the Group through regular presentations and meetings.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Presently, the Board comprises three executive Directors and three independent Directors. The independence of each Director is reviewed annually by the NC. The NC adopts the Code's definition of what constitutes an independent Director in its review.

The Board regularly examines its size, with a view to determining the impact of the number on effective decision making. The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience and collectively possess the necessary core competencies for effective functioning and informed decision-making. When a vacancy arises under any circumstance, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the NC, in consultation with the Board, will determine the selection criteria and select candidates with the appropriate expertise and experience for the position.

Non-executive and independent members of the Board exercise no management functions in the Company or its subsidiaries. Although all the Directors have equal responsibility for the performance of the Group, the role of the non-executive and independent Directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and rigorously examined and take account of the long-term interests, not only of the shareholders, but also of employees, customers, suppliers and the many communities in which the Group conducts business.

The Board, taking into account the nature of operations of the Company, considers its non-executive and independent Directors to be of sufficient calibre and number and their views to be of sufficient weight that no individual or small group can dominate the Board's decision-making processes. The non-executive and independent Directors have no financial or contractual interests in the Group other than by way of their fees as set out in the financial statements. The Board is of the view that its current size is adequate for effective decision making. Key information regarding the Directors' academic and professional qualifications and other appointments is set out on pages 18 and 19 of this annual report.

Chairman and Chief Executive Officer ("CEO")

Principle 3: There should be a clear division of responsibilities at the top of the company - the working of the Board and the executive responsibility of the company's business - which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

It is the view of the Board that it is in the best interests of the Group to adopt a single leadership structure, i.e. where the CEO and the Chairman of the Board is the same person, so as to ensure that the decision-making process of the Group would not be unnecessarily hindered.

The Group's Executive Chairman and CEO is Mr Lam Tak Shing, who is responsible for the day-to-day operations of the Group, as well as monitoring the quality, quantity and timeliness of information flow between the Board and the management. Mr Lam is the founder of the Group and has played a key role in developing the Group's business. Through the Group's successful development in these few years, Mr Lam has demonstrated his vision, strong leadership and enthusiasm in this business. Although both the Chairman and the CEO functions are undertaken by the same person, the Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual exercising any considerable concentration of power or influence. In addition, 50% of the Board consists of independent Directors.

Nominating Committee

Board Membership

Principle 4: There should be a formal and transparent process for the appointment of new Directors to the Board.

The NC comprises Mr See Yen Tarn, Mr Chan Kam Fuk and Mr Tan Chong Huat, and is chaired by Mr See Yen Tarn. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director.

The Company adopts a formal and transparent process of appointing new Directors to the Board and ensures that all Directors submit themselves for re-nomination and re-election at regular intervals.

Report on Corporate Governance (Cont'd)

The NC shall hold at least one meeting per year. The Board has approved the written terms of reference of the NC. The NC performs the following functions:-

(a) reviewing and making recommendations to the Board on all candidates nominated for appointment to the Board;
(b) reviewing all candidates nominated for appointment as senior management staff;
(c) reviewing and recommending to the Board on an annual basis, the Board structure, size and composition, taking into account the balance between executive and non-executive, independent and non-independent Directors and having regard at all times to the principles of corporate governance and the Code;
(d) procuring that at least one-third of the Board shall comprise independent Directors;
(e) making recommendations to the Board on continuation of service of any Director who has reached the age of 70;
(f) identifying and making recommendations to the Board as to the Directors who are to retire by rotation and to be put forward for re-election at each Annual General Meeting ("AGM") of the Company, having regard to the Directors' contribution and performance, including independent Directors;
(g) determining whether a Director is independent (taking into account the circumstances set out in the Code and other salient factors); and
(h) proposing a set of objective performance criteria to the Board for approval and implementation, to evaluate the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board.

All Directors, other than the Managing Director, are subject to the provisions of the Company's Bye-laws whereby one-third of the Directors are required to retire and subject themselves to re-election by shareholders at every AGM.

The Directors retiring by rotation pursuant to Bye-laws 104 of the Company's Bye-laws at the forthcoming AGM are Mr Lam Tak Shing and Mr Tang Yuk Fung.

In making the recommendation, the NC had considered the Directors' overall contribution and performance.

Although some of the Board members have multiple board representations, the NC is satisfied that sufficient time and attention have been given by the Directors to the Group.

Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board.

For the year under review, the NC evaluated the Board's performance as a whole. The assessment process adopted both quantitative and qualitative criteria, such as return of equity, the success of the strategic and long-term objectives set by the Board and the effectiveness of the Board in monitoring the management's performance against the goals that had been set by the Board. In assessing, the Directors' input are collated and reviewed by the NC. Areas where the Board's performance and effectiveness could be enhanced and recommendations for improvement are then submitted to the Board for discussion and for implementation.

The Board and the NC will endeavour to ensure that Directors appointed to the Board possess the experience, knowledge and skills critical to the Group's business, so as to enable the Board to make sound and well-considered decisions.

Access to Information

Principle 6: In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis.

Directors receive a regular flow of information from management about the Group so that they are equipped to play as full a part as possible in Board meetings. Detailed Board papers are prepared for each meeting of the Board. The Board papers include sufficient information from management on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board meetings. Information provided include background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts and internal financial statements.

All Directors have unrestricted access to the Company's records and information and receive detailed financial and operational reports from senior management during the year to enable them to carry out their duties. Directors also liaise with senior management as required, and may consult with other employees and seek additional information on request.

All Directors have separate and independent access to the company secretary. The company secretary administers, attends and prepares minutes of Board meetings, and assists the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively, and all rules and regulations applicable to the Company, including requirements of the Bye-Laws and the Rules of Catalist of the SGX-ST, are complied with.

If any of the Directors require independent professional advice in the furtherance of their duties, the cost of such professional advice will be borne by the Company.

(B) REMUNERATION MATTERS

Remuneration Committee

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.

The RC comprises Mr Chan Kam Fuk, Mr See Yen Tarn and Mr Tan Chong Huat and is chaired by Mr Chan Kam Fuk. Each member of the RC shall abstain from voting on any resolutions in respect of his remuneration package.

The Board has approved the written terms of reference of the RC. The functions of the RC are as follows:-

(a) recommending to the Board a framework of remuneration for the Board and the key executives of the Group covering all aspects of remuneration such as Director's fees, salaries, allowances, bonuses, options and benefits-in-kind;
(b) proposing to the Board, appropriate and meaningful measures for assessing the Executive Directors' performance;
(c) determining the specific remuneration package for each Executive Director;
(d) considering the eligibility of Directors for benefits under long-term incentive schemes; and considering and recommending to the Board the disclosure of details of the Company's remuneration policy, level and mix of remuneration and procedure for setting remuneration and details of the specific remuneration packages of the Directors and key executives of the Company to those required by law or by the Code.

In discharging its functions, the RC may obtain independent external legal and other professional advice as it deems necessary. The expenses of such advice shall be borne by the Company.

The members of the RC shall not participate in any decision concerning their own remuneration. No Director will be involved in determining his own remuneration.

Level and Mix of Remuneration

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the Directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive Directors' remuneration should be structured so as to link rewards to corporate and individual performance

In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors.

The Directors receive Directors' fees, in accordance with their contributions, taking into account factors such as effort and time spent, and the responsibilities of the Directors. Directors' fees will be subject to approval at the Company's AGM.

The remuneration for the executive Directors and the key senior executives comprise a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and their individual performance.

The compensation of the executive Directors and senior management is reviewed annually by the RC to ensure that the respective remuneration commensurate with their performance, giving due regard to the financial and commercial health and business needs of the Group.

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key executives, and performance.

The Company sets remuneration packages which are competitive and sufficient to attract, retain and motivate Directors and senior management with adequate experience and expertise to manage the business and operations of the Group. The remuneration paid to the Directors and executive officers for services rendered during the year ended 31 March 2008 are as follows:-

Remuneration Bands	Salary %	Performance Bonus %	Directors' Fees %	Others %	Total %
Directors					
Above S$250,000 (equivalent to approximately HK$1,225,000)					
Lam Tak Shing	72	22	6	–	100
Tang Yuk Fung	69	24	7	–	100
Kwan Suk Yee	69	24	7	–	100

Remuneration Bands	Salary %	Performance Bonus %	Directors' Fees %	Others %	Total %
Below S$250,000 (equivalent to approximately HK$1,225,000)					
Chan Kam Fuk	–	–	100	–	100
Tan Chong Huat	–	–	100	–	100
See Yen Tarn	–	–	100	–	100
Executive Officers					
Below S$250,000 (equivalent to approximately HK$1,225,000)					
Wong Shun Cheong	100	–	–	–	100
Chua Wah Moi	100	–	–	–	100
Lam Tse Shing	100	–	–	–	100

The remuneration of the non-executive and independent Directors is in the form of a fixed fee.

All Executive Directors have service agreements with the Company. Their compensation packages consist of salary, bonus, fixed fee and performance awards that are dependent on the performance of the Group.

There are no employees whose remuneration exceeds S$150,000 (equivalent to approximately HK$735,000) during the year who are immediate family members of any Director or the CEO.

The Company has a share option scheme known as the Superior Employee Share Option Scheme (the "ESOS") and a share award plan known as Superior Fastening Technology Share Plan (the "Plan") which were approved by shareholders of the Company on 27 October 2003 and 31 July 2006 respectively. The ESOS and the Plan comply with the relevant rules as set out in Chapter 8 of the Rules of Catalist. The ESOS and the Plan provide an opportunity for the Directors and employees of the Group to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The ESOS and the Plan are administered by the RC. No options or award have been granted during the year.

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

In presenting the annual financial statements and half-yearly announcements to shareholders, it is the aim of the Board to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects. The management currently provides the Board with management accounts of the Group's performance, position and prospects on a quarterly basis.

Audit Committee

Principle 11: The Board should establish an AC with written terms of reference which clearly set out its authority and duties.

The AC comprises Mr See Yen Tarn, Mr Chan Kam Fuk and Mr Tan Chong Huat and is chaired by Mr See Yen Tarn. Each member of the AC shall abstain from voting on any resolutions in respect of matters in which he is interested.

The Board has approved the written terms of reference of the AC. The AC performs the following functions:-

(a) reviewing with external auditors the audit plan, their evaluation of the system of internal accounting controls and their audit report;
(b) reviewing the overall internal control system;
(c) reviewing the Group's financial results and the announcements before submission to the Board for approval;.
(d) reviewing the assistance given by management to external auditors;
(e) reviewing significant findings of internal investigations;
(f) considering the appointment/re-appointment of the external auditors;
(g) reviewing interested person transactions; and
(h) other functions as required by law or the Code.

The AC meets periodically and also holds informal meetings and discussions with the management from time to time. The AC has full discretion to invite any Director or executive officer to attend its meetings.

The AC has been given full access to and is provided with the co-operation of the Company's management. In addition, the AC has independent access to both internal and external auditors. The AC meets with the external auditors without the presence of management. The AC has reasonable resources to enable it to discharge its functions properly

The AC has reviewed the volume of non-audit services provided to the Group by the external auditors, and was satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

The AC has put in place a whistle-blowing policy and procedures to provide employees with well defined and accessible channels within the Group for reporting suspected fraud, corruption, dishonest practices, or similar matters or raise serious concerns about possible incorrect financial reporting or other matters that could have a large impact on the Company. The aim of the policy is to encourage the reporting of such matters in good faith with confidence that employees making such reports will be treated fairly and to the extent possible, be protected from repulse.

<u>Internal Controls</u>

Principle 12: The Board should ensure that the management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

The Board is responsible for the overall internal control framework and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks. The Board recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than to eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The Company's internal and external auditors conduct an annual review of the effectiveness of the Company's material internal controls. Any material non-compliance or failures in internal controls and recommendation improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken by the management on the recommendations made by the internal and external auditors in this respect.

The Board is satisfied that currently there are adequate internal controls in the Group. The Board regularly reviews the effectiveness of all internal controls, including operational controls.

<u>Internal Audit</u>

Principle 13: The company should establish an internal audit function that is independent of the activities it audits.

The Board recognises and is responsible for maintaining a system of internal control processes to safeguard shareholders' investments and the Group's business and assets. Union Alpha C.P.A. Limited has been appointed as the Company's internal auditor for the purposes of reviewing the effectiveness of the Company's material internal controls. The internal auditors report directly to the AC on audit matters and the CEO on administrative matters.

The AC reviews the internal audit programme, the scope and results of internal audit procedures and ensures that the internal audit function is adequately resourced and has appropriate standing within the Group.

The AC is satisfied that the internal audit is adequate to meet the needs of the Group in its current business environment.

(D) COMMUNICATION WITH SHAREHOLDERS

<u>Communication with Shareholders</u>

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

<u>Greater Shareholder Participation</u>

Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company recognises that effective communication can highlight transparency and enhance accountability to its shareholders. The Company provides information to its shareholders via SGXNET announcements and news releases. The Company ensures that price-sensitive information is publicly released, and is announced on an immediate basis where required under the Rules of Catalist of the SGX-ST. Where an immediate announcement is not possible, the announcement is made as soon as possible to ensure that shareholders and the public have fair access to the information.

Report on Corporate Governance (Cont'd)

All shareholders of the Company will receive the annual report and the notice of the AGM. The notice is also advertised in a local newspaper and made available on SGXNET. The Company encourages shareholders' participation at AGMs and all shareholders are given the opportunity to voice their views and to direct queries regarding the Group to Directors, including the chairperson of each of the Board Committees. The Company ensures that there are separate resolutions at general meetings on each distinct issue.

The Company's Bye-laws allow a member of the Company to appoint one or two proxies to attend and vote at general meetings. The external auditors are also present to assist the Directors in addressing any relevant queries from the shareholders.

MATERIAL CONTRACTS

(Rule 1204(8) of the Rules of Catalist)

Save for the service agreements between the Executive Directors and the Company, there are no material contracts of the Company or its subsidiaries involving the interest of the CEO or any Directors or controlling shareholders subsisting as at and during the year ended 31 March 2008.

RISK MANAGEMENT

(Rule 1204(4)(b)(iv) of the Rules of Catalist))

The Company does not have a Risk Management Committee. However, the management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC.

DEALINGS IN SECURITIES

(Rule 1204(18) of the Rules of Catalist))

In line with Rule 1204(18) of the Rules of Catalist, the Company has adopted a policy with respect to dealings in securities by Directors and officers of the Group. Directors, management and officers of the Group who have access to price-sensitive, financial or confidential information are not permitted to deal in the Company's shares during the periods commencing one month before the announcement of the Group's annual or half-yearly results and ending on the date of announcement of such results, or when they are in possession of unpublished price-sensitive information on the Group. To provide further guidance to employees on dealing in the Company's shares, the Company has adopted a code of conduct on transactions in the Company's shares. The code of conduct is modeled after the SGX-ST's best practices with respect to dealings in securities by the Directors and officers of the Group.

INTERESTED PERSON TRANSACTIONS

(Rule 907 of the Rules of Catalist))

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are on an arm's length basis.

The Company confirms that there were no interested person transactions during the financial year under review.

NON-SPONSOR FEES

(Rule of 1204(20) of the Rules of Catalist)

The Company confirms that there were no non-sponsor fees paid to the sponsor during the financial year under review.

Corporate Information

BOARD OF DIRECTORS

Lam Tak Shing (Chairman and Chief Executive Officer)
Tang Yuk Fung (Executive Director)
Kwan Suk Yee (Executive Director)
Chan Kam Fuk (Independent Director)
Tan Chong Huat (Independent Director)
See Yen Tarn (Independent Director)
Dennis Tan Sin Huat (Alternate Director to Mr Tan Chong Huat)

AUDIT COMMITTEE

See Yen Tarn (Chairman)
Tan Chong Huat
Chan Kam Fuk

NOMINATING COMMITTEE

See Yen Tarn (Chairman)
Tan Chong Huat
Chan Kam Fuk

REMUNERATION COMMITTEE

Chan Kam Fuk (Chairman)
Tan Chong Huat
See Yen Tarn

COMPANY SECRETARY

Tan Ping Ping, ACIS

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

BUSINESS OFFICE

Unit 2712-2716
27/F Metropole Square
2 On Yiu Street
Siu Lek Yuen, Shatin
Hong Kong
Tel: +852 2896 5255
Fax: +852 2889 0280
Email: info@superiorfastening.com
Website: www.superiorfastening.com

SHARE REGISTRARS

Appleby Management (Bermuda) Ltd.
Argyle House
41a Cedar Avenue
PO Box HM 1179 Hamilton HM11
Bermuda

SINGAPORE SHARE TRANSFER AGENT

Boardroom Corporate & Advisory Services Pte Ltd
3 Church Street
#08-01 Samsung Hub
Singapore 049483
Tel: +65 6536 5355
Fax: +65 6536 1360

AUDITORS

HLB Hodgson Impey Cheng
31/F Gloucester Tower
The Landmark 11 Pedder Street
Central, Hong Kong

AUDIT PARTNER-IN-CHARGE

Raymond Cheng
Date of Appointment: Financial Year 2006

Financial Statements

Report of the Directors

The directors are pleased to present their annual report to the members together with the audited financial statements of Superior Fastening Technology Limited (the "Company") and its subsidiaries (together with the Company hereinafter as the "Group") for the year ended 31 March 2008.

Principal activities

The Company acts as an investment holding company and provides corporate management services to group companies. Its subsidiaries are principally engaged in manufacturing and trading of fasteners and providing surface treatment services.

An analysis of the Group's segmental information by business and geographical segments for the year ended 31 March 2008 is set out in note 5 to the financial statements.

Results and appropriations

Details of the results of the Group for the year ended 31 March 2008 are set out in the consolidated income statement on page 41 of this annual report. The directors do not recommend the payment of dividend for the year ended 31 March 2008 (2007: S$0.005 per share).

Reserves and retained earnings

Movements in the Group's reserves and retained earnings are set out in the consolidated statement of changes in equity on page 44 of this annual report. As at 31 March 2008, the Company's retained earnings amounted to approximately HK$1,720,000.

Property, plant and equipment

During the year, the Group acquired plant and machinery of approximately HK$21,997,000 (2007: HK$23,579,000) to expand its production capacity.

Other movements in property, plant and equipment of the Group are set out in note 7 to the financial statements.

Subsidiaries

The principal activities and particulars of the Company's subsidiaries as at 31 March 2008 are set out in note 9 to the financial statements.

Borrowings

Particulars of borrowings as at 31 March 2008 are set out in note 16 to the financial statements.

Share capital

Details of the movements in share capital of the Company are set out in note 14 to the financial statements.

Purchase, sale or redemption of the Company's shares

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

Share plans

The Company offers the following share plans:-

(a) Superior Employee Share Option Scheme
(b) Superior Fastening Technology Share Plan

Report of the Directors (Cont'd)

Share plans (Cont'd)

All share plans are administered by the Remuneration Committee ("Committee") which comprises the following members:-

Mr Chan Kam Fuk (Chairman)	Independent director
Mr See Yen Tarn	Independent director
Mr Tan Chong Huat	Independent director

(a) Superior Employee Share Option Scheme (the "ESOS")

The ESOS was approved at the Special General Meeting on 27 October 2003. The ESOS will provide eligible participants, such as the executive directors, non-executive directors and employees of the Group who are not controlling shareholders or their associates except for Mr Lam Tse Shing, with an opportunity to participate in the equity of the Group and to motivate them towards better performance through increased dedication and loyalty. The aggregate number of shares over which the Remuneration Committee may grant options on any date shall not exceed 15% of the issued shares of the Group on the day preceding the date of the relevant grant. The number of options to be granted to the eligible participants, exercise price, exercise period and the timing of such grant are to be determined at the absolute discretion of the Remuneration Committee.

As at and during the year ended 31 March 2008, the Company had not granted any share option to the eligible participants.

(b) Superior Fastening Technology Share Plan (the "Plan")

The Plan was approved and adopted by the Shareholders at the Special General Meeting of the Company held on 31 July 2006.

The Plan is a share-based incentive scheme and is intended to be part of a system of remuneration of employees of the Group and our Directors and our Company is of the view that such persons who are controlling shareholders and their associates should not be unduly discriminated against virtue only of their shareholding in our Company.

The Plan provides an opportunity for the Directors and full time employees of our Group to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance and at the same time to give recognition to employees of our Group who have contributed to our success of the Group. Our Company is also of the view that the extension of the Plan to Controlling Shareholders and their associates will enhance the long-term commitment of the Controlling Shareholders and their associates to our Company as it will ensure that such Controlling Shareholders and their associates will continue to have a stake in our Company even if they decrease their shareholdings in our Company in the future.

Under the Plan, awards are granted to eligible participants. Awards represent the conferred by the Company on a participant to be issued or transferred Shares in the Company, free of charge and in accordance with the Rules. The Committee shall decide, in its absolute discretion, in relation to the award to be granted to a Participant and may amend or waive the vesting periods, the performance period and/or the performance condition in respect of any award.

Restrictions

The aggregate number of new shares over which the Committee may grant awards on any date, when added to the number of new shares issued and issuable in respect of all shares granted under this Plan and other existing share schemes or share option schemes implemented or to be implemented by the company, shall not exceed fifteen (15) per cent of the issued share capital of the Company on the day preceding that date.

The offer of the award shall be personal to the Participant to whom it is granted and any award granted and accepted by a Participant under the Plan shall not be transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part unless approved by the Committee.

Share plans (Cont'd)

Duration of the Plan

The Plan shall continue in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the Effective Date, provided always that the Plan may continue beyond the above stipulated period with the approval of the Company's Shareholders in general meeting and of any relevant authorities which may then be required.

The Plan may be terminated at any time by the Committee and by resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the Plan is so terminated, no further awards shall be granted by the Company.

Notwithstanding the termination of the Share Plan, any awards made to participants prior to such termination will continue to remain valid, whether such awards have been exercised or not.

Eligibility

The following persons shall be eligible to participate in the Plan at the absolute discretion of the Committee:-

(a) Group employees who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Committee from time to time;

(b) Associated Company employees who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Committee from time to time; and

(c) Non-Executive Directors

who, in the opinion of the Committee, have contributed or will contribute to the success and the development of the Group, provided that for any Participants who are Non-Executive Directors, written justification shall first have been provided to Shareholders for their participation at the introduction of the Plan or prior to the first Grant of awards to them.

Persons who are controlling shareholders or their associates shall not participate in the Plan unless:-

(a) written justification has been provided to shareholders for their participation at the introduction of the Plan or prior to the first grant of awards to them;

(b) the actual number and terms of any Shares to be granted to them have been specifically approved by shareholders of the Company who are not beneficiaries of the grant in a general meeting in separate resolutions for each such controlling shareholder or his associates; and

(c) all conditions for their participation in the Plan as may be required by the regulation of the SGX-ST from time to time are satisfied.

Since the approval of Shareholders on 31 July 2006 to the year ended 31 March 2008, the Company did not grant any awards to the eligible participants.

Pre-emptive rights

There is no provision for pre-emptive rights under the Company's Bye-laws and there is no restriction against such rights under the laws in Bermuda.

Report of the Directors (Cont'd)

Major suppliers and customers

During the year ended 31 March 2008, the five largest suppliers of the Group accounted for approximately 48.34% (2007: 40.27%) of the Group's total purchases while the five largest customers of the Group accounted for approximately 32.81% (2007: 20.4%) of the Group's total sales.

Impairment of trade receivables

Before the financial statements of the Group were made out, the directors took reasonable steps to ascertain that proper actions had been taken in relation to the written off of bad debts and the making of provision for impairment of trade receivables, and have satisfied themselves that all known bad debts, if any, have been written off and that adequate provision for impairment for trade receivables has been made for. At the date of this report, the directors are not aware of any circumstances which would render any amount written off or any provision for impairment of trade receivables in the Group inadequate to any substantial extent.

Directors

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

Mr Lam Tak Shing – Chief executive officer
Mr Tang Yuk Fung – Executive director
Ms Kwan Suk Yee – Executive director
Mr Chan Kam Fuk – Independent non-executive director
Mr Tan Chong Huat – Independent non-executive director
Mr See Yen Tarn – Independent non-executive director

In accordance with the Bye-laws of the Company, all directors will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Directors' service contracts

The Company entered into separate service agreements ("Service Agreements") with Mr Lam Tak Shing, Mr Tang Yuk Fung and Ms Kwan Suk Yee for a period of three years commencing from 1 December 2006. The Service Agreements shall be renewable automatically for successive terms of one year each unless terminated by not less than six months notice in writing, served by either party, following the expiration of the end of the initial period or at any time thereafter. Apart from the foregoing, none of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment, other than statutory compensation.

Directors' interests in contracts of significance

Save as disclosed above and except as disclosed in note 30 to the financial statements, no director has received or was entitled to receive a benefit (other than as disclosed as directors' emoluments in the financial statements) by reason of a contract made by the Company or a related company with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

Directors' interests in shares and share options

The following executive directors who held office at the end of the year had, according to the register of directors' shareholdings required to be kept under Section 164 of the Companies Act, an interest in shares of the Company and related companies (other than wholly owned subsidiaries), as stated below:

	Shareholdings registered in the name of director		Shareholdings in which a director is deemed to have an interest	
Name of director	**As at 31 March 2008 Ordinary share of HK$0.17 each number of shares**	**As at 1 April 2007 Ordinary share of HK$0.17 each number of shares**	**As at 31 March 2008 Ordinary share of HK$0.17 each number of shares**	**As at 1 April 2007 Ordinary share of HK$0.17 each number of shares**
Mr Lam Tak Shing[1]	160,000	–	74,221,200	74,221,200
Mr Tang Yuk Fung[1]	–	–	68,221,200	68,221,200
Ms Kwan Suk Yee[1]	6,000,000	6,000,000	68,381,200	68,221,200

1 Ms Kwan Suk Yee and Mr Tang Yuk Fung are deemed to be interested in the shares held by China Network Group Limited as they own more than 20.0% of the issued and paid up capital of China Network Group Limited each. As Mr Lam Tak Shing is the husband of Ms Kwan Suk Yee, each of them is deemed to be interested in the shares held by each others.

The Directors' interests in the shares and options of the Company at 21 April 2007 were the same at 31 March 2008.

Other than disclosed above, none of the executive directors or their associates had any personal, family, corporate or other interests in the shares of the Company or any of its associated corporations as at 31 March 2008.

No share options have been granted to or held by any of the directors as at and during the year ended 31 March 2008.

Save as disclosed above, at no time during the year was the Company or any of its related companies or subsidiaries, a party to any arrangement to enable any of the Company's directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the directors, their spouses or their children under the age of 18, had any rights to subscribe for the shares of the Company, or had exercised any such right during the year.

Corporate governance

Details of the report on corporate governance are set on pages 21 to 30 of this annual report.

Audit committee

The audit committee performed the functions specified in the Companies Act. The functions performed are detailed in the Report on Corporate Governance.

Report of the Directors (Cont'd)

Auditors

The auditors, HLB Hodgson Impey Cheng have expressed their willingness to accept re-appointment.

On behalf of the Board

Lam Tak Shing
Chief Executive Officer

Hong Kong, 19 July 2008

Statement by the Directors

We, Lam Tak Shing and Kwan Suk Yee, being two of the directors of Superior Fastening Technology Limited, do hereby state that, in the opinion of directors,

(i) the accompanying consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement of the Group and balance sheet of the Company; together with the notes thereon as set out on pages 47 to 88, are drawn up in accordance with the comply with the International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2008 and of the results of the business, changes in equity and cash flows of the Group, and the changes in equity of the Company for the financial year ended; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debt as and when they fall due.

The board of directors authorised these financial statements for issue on 19 July 2008.

On Behalf of the Board

Director
Lam Tak Shing

Director
Kwan Suk Yee

19 July 2008

HLB 國衛會計師事務所
Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

31/F Gloucester Tower
The Landmark
11 Pedder Street
Central, Hong Kong

Independent Auditors' Report

To The Shareholder of Superior Fastening Technology Limited

(incorporated in Bermuda with limited liability)

We have audited the accompanying consolidated financial statements of Superior Fastening Technology Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheet and balance sheet as at 31 March 2008 and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of Bermuda Companies Act and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the 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 auditors' judgment, 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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 financial statements give a true and fair view of the financial position of the Group as of 31 March 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Without qualifying our opinion, we draw attention to Note 39 to the consolidated financial statements. In the course of preparation of the Group's consolidated financial statements for the year ended 31 March 2008, the directors of the Company (the "Directors") noted certain errors (the "Errors") made by Superior Screws Manufacturers Limited ("Superior HK"), a wholly-owned subsidiary of the Company, in documents supporting its applications for certain trust receipts loans granted by certain banks to Superior HK during the year ended 31 March 2008. The aforesaid trust receipts loans were fully repaid by the Group prior to 31 March 2008. Having investigated the nature and cause of the Errors, the Directors were of the opinion that the Errors were unintentional and represented isolated events, and had no material effects on the Group's consolidated financial statements for the year ended 31 March 2008. The details of the Errors have subsequently been disclosed to the relevant bank by the Directors for clarification. In addition, based on legal advice of the Group's legal counsel, the Directors were of the opinion that no material actual or contingent liabilities would arise from the Errors.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 19 July 2008

Consolidated Balance Sheet

at 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
ASSETS			
Non-current assets			
Bank deposits	6	**–**	2,162
Property, plant and equipment	7	**105,330**	83,167
Construction in progress	8	**48,669**	18,484
Deposits paid for acquiring a lease		**7,939**	7,143
		161,938	110,956
Current assets			
Cash and bank balances	10	**29,434**	22,293
Inventories	11	**34,546**	21,226
Trade receivables	12	**68,477**	31,754
Prepayments, deposits and other receivables	13	**13,492**	12,238
		145,949	87,511
Total assets		**307,887**	198,467
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	14	**20,402**	19,043
Reserves	15	**96,221**	65,355
Proposed dividend	31	**–**	2,744
		116,623	87,142
Minority interests		**–**	–
Total equity		**116,623**	87,142
LIABILITIES			
Non-current liabilities			
Long-term bank loans	16	**36,598**	37,723
Obligations under finance leases – due after one year	17	**894**	4,932
Convertible notes	18	**27,769**	–
Deferred tax liabilities	19	**3,412**	2,783
		68,673	45,438
Current liabilities			
Bank overdraft	16	**6,461**	3,974
Trade and bills payables	20	**64,160**	31,815
Other payables and accruals	21	**15,879**	7,527
Current portion of long-term bank loans	16	**28,340**	13,730
Obligations under finance leases – due within one year	17	**4,205**	4,471
Amount due to a related party	23	**635**	–
Taxation payable		**2,911**	4,370
		122,591	65,887
Total liabilities		**191,264**	111,325
Total equity and liabilities		**307,887**	198,467
Net current assets		**23,358**	21,624
Total assets less current liabilities		**185,296**	132,580

The accompanying notes form an integral part of these financial statements.

Balance Sheet

at 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	9	**13,488**	14,296
Current assets			
Cash and bank balances		**15,790**	345
Prepayments, deposits and other receivables	13	**1,692**	2,046
Amounts due from subsidiaries	9	**61,823**	54,876
		79,305	57,267
Total assets		**92,793**	71,563
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	14	**20,402**	19,043
Reserves	15	**22,369**	22,954
Proposed dividend	31	**–**	2,744
		42,771	44,741
LIABILITIES			
Non-current liabilities			
Long-term bank loans	16	**11,934**	17,667
Convertible notes	18	**27,769**	–
		39,703	17,667
Current liabilities			
Other payables and accruals	21	**3,080**	2,862
Taxation payable		**58**	58
Amounts due to subsidiaries	9	**1,440**	739
Current portion of long-term bank loans	16	**5,733**	4,680
Financial guarantee liabilities	22	**8**	816
		10,319	9,155
Total liabilities		**50,022**	26,822
Total equity and liabilities		**92,793**	71,563
Net current assets		**68,986**	48,112
Total assets less current liabilities		**82,474**	62,408

The accompanying notes form an integral part of these financial statements.

Consolidated Income Statement

for the year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Revenue	24	**167,356**	119,538
Cost of goods sold		**(96,660)**	(69,475)
Gross profit		**70,696**	50,063
Other revenue	24	**1,523**	1,358
Change in fair value of derivative liability	18	**763**	–
Gain on liquidation of a subsidiary	25	**–**	7,256
Selling and distribution expenses		**(9,643)**	(7,192)
General and administrative expenses		**(34,233)**	(27,875)
Profit from operating activities	26	**29,106**	23,610
Finance costs, net	27	**(6,403)**	(4,145)
Profit before taxation		**22,703**	19,465
Taxation	29	**(2,620)**	(3,279)
Net profit for the year		**20,083**	16,186
Attributable to:			
Equity holders of the Company		**20,083**	16,582
Minority interests		**–**	(396)
		20,083	16,186
Dividend	31	**–**	2,744
Earnings per share for profit attributable to the equity holders of the Company			
– basic	32	**HK$17.07 cents**	HK$14.93 cents
– diluted		**HK$14.21 cents**	HK$12.44 cents

All of the Group's operations are classed as continuing.

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 March 2008

	Share capital HK$'000	Share premium HK$'000	Statutory fund reserves HK$000	Exchange reserves HK$'000	Warrant reserves HK$'000	Retained earnings HK$'000	Proposed dividend HK$'000	Total HK$'000
Balance as at 1 April 2006	18,727	16,196	153	400	4,848	28,115	–	68,439
Conversion of warrants into shares	316	659	–	–	(73)	–	–	902
Exchange realignment	–	–	–	1,219	–	–	–	1,219
Net profit for the year	–	–	–	–	–	16,582	–	16,582
Proposed dividend (Note 31)	–	–	–	–	–	(2,744)	2,744	–
Balance as at 31 March 2007 and 1 April 2007	19,043	16,855	153	1,619	4,775	41,953	2,744	87,142
Conversion of warrants into shares	1,359	4,062	–	–	(893)	–	–	4,528
Exchange realignment	–	–	–	7,614	–	–	–	7,614
Dividend paid	–	–	–	–	–	–	(2,744)	(2,744)
Transfer to statutory fund reserves	–	–	1,477	–	–	(1,477)	–	–
Net profit for the year	–	–	–	–	–	20,083	–	20,083
Balance as at 31 March 2008	**20,402**	**20,917**	**1,630**	**9,233**	**3,882**	**60,559**	**–**	**116,623**

The accompanying notes form an integral part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Cash flows from operating activities			
Profit before taxation		**22,703**	19,465
Adjustments for:			
Interest income	24	**(1,033)**	(365)
Finance costs	27	**6,781**	4,194
Loss on disposal of property, plant and equipment		**120**	112
Depreciation	7	**13,649**	10,688
Change in fair value of derivative liabilities		**(763)**	–
Gain on liquidation of a subsidiary	25	**–**	(7,256)
Operating profit before changes in working capital		**41,457**	26,838
Increase in inventories		**(13,320)**	(7,845)
Increase in trade receivables		**(36,723)**	(1,597)
Increase in prepayments, deposits and other receivables		**(1,254)**	(1,446)
Increase in trade and bills payable		**32,345**	1,107
Increase in amount due to a related party		**635**	–
Increase in other payables and accruals		**6,644**	4,270
Cash generated from operating activities		**29,784**	21,327
Interest paid		**(5,652)**	(4,194)
Income tax paid		**(1,742)**	(811)
Net cash generated from operating activities		**22,390**	16,322
Cash flows from investing activities			
Purchases of property, plant and equipment		**(29,237)**	(23,375)
Proceeds from disposal of property, plant and equipment		**10**	244
Decrease/(increase) in bank deposit maturing beyond one year		**2,162**	(1,162)
Interest received		**1,033**	365
Increase in construction in progress		**(28,124)**	(18,484)
Increase in deposits paid for acquiring a lease		**–**	(7,143)
Net cash used in investing activities		**(54,156)**	(49,555)

Consolidated Cash Flow Statement (Cont'd)

for the year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Cash flows from financing activities			
Proceeds from drawdown of bank loans		**28,204**	51,827
Repayment of convertible notes		**(360)**	–
Repayment of bank loans		**(16,348)**	(9,503)
Finance lease principal payments		**(4,321)**	(4,362)
Proceeds from convertible notes		**28,192**	–
Dividend paid	31	**(2,744)**	–
Proceeds from shares issued under warrants		**4,527**	975
Net cash generated from financing activities		**37,150**	38,937
Net increase in cash and cash equivalents		**5,384**	5,704
Cash and cash equivalents at the beginning of the year		**18,319**	11,473
Effect of foreign exchange rate changes		**(730)**	1,142
Cash and cash equivalents at the end of the year		**22,973**	18,319
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		**29,434**	22,293
Bank overdraft, secured		**(6,461)**	(3,974)
		22,973	18,319

The accompanying notes form an integral part of these financial statements.

Notes to Financial Statements

31 March 2008

1. ORGANISATION AND PRINCIPAL ACTIVITIES

Superior Fastening Technology Limited (the "Company") was incorporated in Bermuda under the Companies Act 1981 of Bermuda on 12 March 2003 as an exempted company with limited liability. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

The Company acts as an investment holding company and provides corporate management services to group companies. Its subsidiaries are principally engaged in manufacturing and trading of fasteners and providing surface treatment services.

The Company's shares are listed and its primary listing is on the Singapore Exchange Securities Trading Limited.

The Directors consider China Network Group Limited, a company incorporated in the British Virgin Islands, to be the ultimate parent company of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of Superior Fastening Technology Limited have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise International Financial Reporting Standards, International Accounting Standards ("IAS") and Interpretations ("IFRIC") issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee. The consolidated financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities are measured at fair value.

The Group's operations are principally conducted in the People's Republic of China (the "PRC"). The consolidated financial statements have been prepared in Hong Kong dollars which is the Company's functional and presentation currency and all values are rounded to the nearest thousand ("HK$'000") except otherwise indicated.

(b) Change in accounting policies

Adoption of new and revised IFRSs

In the current year, the Group has applied, for the first time, a number of new standard, amendments and interpretations (the "new IFRSs") issued by the IASB, which are effective for the Group's financial year beginning on 1st April, 2007.

IAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosure
IFRS 7	Financial Instrument: Disclosures
IFRIC 8	Scope of IFRS 2
IFRIC 9	Reassessment of Embedded Derivatives
IFRIC 10	Interim Financial Reporting and Impairment
IFRIC 11	IFRS 2: Group and Treasury Share Transactions

The adoption of IFRS 7 and the change to IAS 1 has been to expand the disclosures provide in these financial statements regarding the Group's financial instruments and management of capital.

Four interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are: IFRIC 8 Scope of IFRS 2; IFRIC 9 Reassessment of Embedded Derivatives; IFRIC 10 Interim Financial Reporting and Impairment; and IFRIC 11 IFRS2: Group and Treasury Share Transactions. The adoption of these Interpretations has not led to any changes in the Group's accounting policies.

Notes to Financial Statements (Cont'd)

31 March 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Change in accounting policies (Cont'd)

Adoption of new and revised IFRSs (Cont'd)

Up to the date of issue of these financial statements, the Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective.

IAS 1 (Revised)	Presentation of Financial Statements – Comprehensive revision including requiring a statement of comprehensive income[1]
IAS 1 (Amendment)	Presentation of Financial Statements – Amendments relating to disclosure of puttable instruments and obligations arising on liquidation[1]
IAS 1 (Amendment)	Presentation of Financial Statements – Amendments resulting from May 2008 Annual Improvements to IFRSs[1]
IAS 16 (Amendment)	Property, Plant and Equipment – Amendments resulting from May 2008 Annual Improvements to IFRSs[1]
IAS 19 (Amendment)	Employee Benefits – Amendments resulting from May 2008 Annual Improvements to IFRSs[1]
IAS 20 (Amendment)	Government Grants and Disclosure of Government Assistance – Amendments resulting from May 2008 Annual Improvements to IFRSs[1]
IAS 23 (Revised)	Borrowing Costs[1]
IAS 27 (Amendment)	Consolidated and Separate Financial Statements – Consequential amendments arising from amendments to IFRS 3[2]
IAS 27 (Amendment)	Consolidated and Separate Financial Statements – Amendment relating to cost of an investment on first-time adoption[1]
IAS 27 (Amendment)	Consolidated and Separate Financial Statements – Amendments resulting from May 2008 Annual Improvements to IFRSs[1]
IAS 28 (Amendment)	Investments in Associates – Consequential amendments arising from amendments to IFRS 3[2]
IAS 28 (Amendment)	Investments in Associates – Amendment resulting from May 2008 Annual Improvements to IRFSs[1]
IAS 29 (Amendment)	Financial Reporting in Hyperinflationary Economies – Amendments resulting from May 2008 Annual Improvements to IFRSs[1]
IAS 31 (Amendment)	Interests in Joint Ventures – Consequential Amendments arising from amendments to IFRS 3[2]
IAS 31 (Amendment)	Interests in Joint Ventures – Amendments resulting from May 2008 Annual Improvements to IFRSs[1]
IAS 32 (Amendment)	Financial Instruments: Presentation – Amendments relating to puttable instruments and obligations arising on liquidation[1]
IAS 36 (Amendment)	Impairment of Assets – Amendment resulting from May 2008 Annual Improvements to IFRS[1]
IAS 38 (Amendment)	Intangible assets – Amendment resulting from May 2008 Annual Improvements to IFRS[1]
IAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Amendment resulting from May 2008 Annual Improvements to IFRS[1]
IAS 40 (Amendment)	Investment Property – Amendment resulting from May 2008 Annual Improvements to IFRS[1]
IAS 41 (Amendment)	Agriculture – Amendment resulting from May 2008 Annual Improvements to IFRS[1]
IFRS 1 (Amendment)	First-time Adoption of International Financial Reporting Standards - Amendment relating to cost of an investment on first-time adoption[1]
IFRS 2 (Amendment)	Share-based Payment – Amendment relating to vesting conditions and cancellations[1]
IRFS 3 (Revised)	Business Combinations – Comprehensive revision on applying the acquisition method[2]
IFRS 5 (Amendment)	Non-current Assets Held for Sale and Discontinued Operations - Amendments resulting from May 2008 Annual Improvements to IFRSs[2]
IFRS 8	Operating Segment[1]
IFRIC 12	Service Concession Arrangements[3]
IFRIC 13	Customer Loyalty Programmes[4]
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interactioo[4]

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Change in accounting policies (Cont'd)

Adoption of new and revised IFRSs (Cont'd)

1 Effective for accounting periods beginning on or after 1 January 2009
2 Effective for accounting periods beginning on or after 1 July 2009
3 Effective for accounting periods beginning on or after 1 January 2008
4 Effective for accounting periods beginning on or after 1 July 2008

The adoption of IFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 July 2009. IAS 27 (Revised) will affect the accounting treatment of changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

The management is in the process of making an assessment of the impact of these new standards, amendments and interpretations to existing standards. The directors of the Company so far has concluded that the application of these new standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

(c) Basis of consolidation

The consolidated financial statements included the financial statements of the Company and its subsidiaries for the year ended 31 March 2008. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date that such control ceases.

All inter-group transactions, balances, income and expenses are eliminated in full on consolidation.

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

(d) Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries that are not classified as held for sale in accordance with IFRS 5 are stated at cost less any impairment losses.

(e) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Impairment of non-financial assets (Cont'd)

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill and certain financial assets is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises.

(f) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repair and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation for leasehold improvement is calculated on the straight-line method to write off the cost over the lease term. Depreciation on other assets is calculated using the straight-line or diminishing balance methods to allocate their costs to their residual values over their estimated useful lives as follows:

Leasehold improvement	Shorter of useful lives or over the lease periods
Plant and machinery	10% diminishing balance method
Furniture and fixtures	20% diminishing balance method
Motor vehicles	20% diminishing balance method
Office equipment	25% straight-line method
Moulds	33% straight-line method

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(g) Investments and other financial assets

Financial assets in the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group considers whether a contract contains an embedded derivative when the Group first becomes a party to it. The embedded derivatives are separated from the host contract which is not measured at fair value through profit or loss when the analysis shows that the economic characteristics and risks of embedded derivatives are not closely related to those of the host contract.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Gains or losses on investments held for trading are recognised in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets in listed and unlisted equity securities that are designated as available-for-sale or are not classified in any of the other two categories. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instruments which is substantially the same; a discounted cash flow analysis; and other valuation models.

Notes to Financial Statements (Cont'd)

31 March 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cot has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial assets

If an available-for-sale is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Impairment losses on equity instruments classified as available-for-sale are not reversed through the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) as transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(j) Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified accordingly to the substance of the contractual arrangements entered into and the definitions of a financial liability and equity instrument.

An equity instrument is a contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss and financial liabilities at amortised costs.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are classified into (i) financial liabilities held for trading and (ii) those designated as at fair value through profit or loss on initial recognition.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

Notes to Financial Statements (Cont'd)

31 March 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Financial liabilities and equity (Cont'd)

Financial liabilities at fair value through profit or loss (Cont'd)

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- The financial liability forms part of a group of financial assets or financial liabilities or both which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- It forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

At each balance sheet date subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in the income statement in the period in which they arise.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables and interest-bearings loans advanced from shareholders are initially stated at fair value less directly attributable transaction costs and are 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.

Gains or losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

(k) Convertible loan notes

Convertible loan notes issued by the Company that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instrument is an equity instrument. For conversion option that does not meet the definition of an equity instrument, it is classified as a derivative financial liability and is carried at fair value.

Convertible notes that contain an equity component

On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate of similar non-convertible debts. The difference between the proceeds of the issue of the convertible loan notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity.

Convertible notes that do not contain an equity component

Conversion option that is classified as derivative financial liability are re-measured at each balance sheet date subsequent to initial recognition with changes in fair value recognised directly in the income statement in the period in which they arise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. The difference between the carrying value of the financial liability derecognised and the consideration paid is recognised in the income statement.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(n) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade 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 provision is the difference between the asset's carrying amount of the provision is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the provision for impairment loss of trade receivables. Subsequent recoveries of amounts previously written off are credited against in the income statement.

(o) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(p) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transactions costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

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

(q) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required settle the obligations.

Notes to Financial Statements (Cont'd)

31 March 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(r) Income taxes

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(s) Employee benefit – pension obligations

The companies within the Group operate a number of defined contribution plans based on local practices and regulations. The pension plans are funded by payments from employees and by the companies within the Group. The plans cover full-time employees and provide for contributions of certain percentages of the applicable payroll costs. Once the contributions have been paid, the companies within the Group have no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in staff costs.

(t) Revenue recognition

Revenue comprises the fair value for the sale of goods and services, net of value-added tax, rebates and discounts and after elimination of sales within the Group. Revenue is recognised as follows:

(i) Sales of goods

Sales of goods are recognised when a Group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

(ii) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(iii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(u) Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under the operating leases net of any incentives received from the lessor are charged to the income statement on the straight-line basis over the lease terms.

Notes to Financial Statements (Cont'd)

31 March 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(v) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of debt instrument. A financial guarantee contract issued by the Group and not designed as at fair value through profit or loss is recognised initially at its fair value less transaction cost that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with IAS 18 Revenue.

(w) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(x) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the transaction at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

(iii) Group companies

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

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) 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 dates of the transactions); and

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(x) Foreign currency translation (Cont'd)

(iii) Group companies (Cont'd)

(c) all resulting exchange difference are recognised as a separate component of equity.

(y) Related party transactions

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is jointly-controlled entity;

(d) the party is a member of the family of any individual referred to in (a) or (d);

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly-controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is related party of the Group.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(z) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Inter-segment pricing is based on similar terms as those available to other external parties.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment and those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

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

Unallocated items mainly comprise financial and corporate assets, borrowings, corporate and financial expenses.

Notes to Financial Statements (Cont'd)

31 March 2008

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and judgments

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, be definition, seldom equal the related actual results. The estimates and assumptions 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) Impairment of property, plant and equipment

In accordance with IAS 16, the Group estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Group also perform annual reviews on whether the assumptions made on useful lives continue to be valid. The Group tests annually whether the assets have suffered any impairment. The recoverable amount of an asset or a cash generating unit is determined based on value-in-use calculations which require the use of assumptions and estimates.

(b) Income tax

The Group is subject to income taxes in Hong Kong, the PRC and Singapore. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. 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.

(c) Impairment of trade receivables

The aged debt profile of trade debtors is reviewed on a regular basis to ensure that the trade debtor balances are collectible and follow up actions are promptly carried out if the agreed credit periods have been exceeded. However, from time to time, the Group may experience delays in collection. Where recoverability of trade debtor balances are called into doubts, specific provisions for bad and doubtful debts are made based on credit status of the customers, the aged analysis of the trade receivable balances and write-off history. Certain receivables may be initially identified as collectible, yet subsequently become uncollectible and result in a subsequent write-off of the related receivable to the income statement. Changes in the collectibility of trade receivables for which provisions are not made could affect our results of operations.

(d) Measurement of convertible notes

On issuance of convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible note; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option. The splitting of the liability and derivative components requires an estimation of the market interest rate.

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

(a) Categories of financial instruments

	2008 HK$'000	2007 HK$'000
Financial assets		
Loan and receivables (including cash and cash equivalents)		
– trade receivables	**68,477**	31,754
– bank deposits	**–**	2,162
– cash and bank balances	**29,434**	22,293
– other receivables	**342**	362
Financial liabilities		
Amortised cost		
– trade and bills payables	**64,160**	31,815
– amount due to a related party	**635**	–
– bank overdraft	**6,461**	3,974
– bank borrowings – due within one year	**28,340**	13,730
– bank borrowings – due after one year	**36,598**	37,723
– obligations under finance leases – due within one year	**4,205**	4,471
– obligations under finance leases – due after one year	**894**	4,932
– convertible notes	**27,769**	–
– other payables and accruals	**15,879**	7,527

(b) Financial risk management objectives and policies

The Group's major financial instruments include convertible notes, borrowings, loan receivables, trade receivables, trade payables and bank balances. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Notes to Financial Statements (Cont'd)

31 March 2008

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Market risk

(i) Currency risk

The majority of the Group's monetary assets and monetary liabilities by value and the sales are denominated in Renminbi ("RMB") and Hong Kong dollars ("HK$"), except certain equity investments are denominated in foreign currencies. Certain cash and bank balances are denominated in United States dollars ("USD") and RMB. The conversion of RMB into other currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group is exposed to foreign exchange risk in respect of exchange fluctuation of HK$ against RMB. The Group currently does not have a foreign currency hedging policy in respect of foreign current assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2008 HK$'000	**2007 HK$'000**	**2008 HK$'000**	**2007 HK$'000**
RMB	**53,644**	11,900	**34,656**	8,500
USD	**10,057**	6,240	**12,989**	5,460
Other	**291**	17,667	**3,539**	11,934

Sensitivity analysis

The following table details the Group's sensitivity to 10% increase and decrease in the HK$ against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period and for 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the HK$ strengthens 10% against the relevant currency. For a 10% weakening of the HK$ against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

	RMB Impact		USD Impact	
	2008 HK$'000	**2007 HK$'000**	**2008 HK$'000**	**2007 HK$'000**
Profit or loss	**1,448**	138[1]	**293**	923[2]

1 This is mainly attributable to the exposure on RMB receivables and payables at year end in the Group.

2 This is mainly attributable to the exposure on USD receivables and payables at year end in the Group.

The Group's sensitivity to foreign currency has increased during the current period mainly due to the increase in RMB sales which has resulted in higher RMB denominated trade receivables.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year. RMB denominated sales are seasonal with higher sales volumes, which results in an increase in RMB receivables at year end.

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Market risk (Cont'd)

(ii) Price risk

The Group's equity investments classified as derivative liability which is measured at fair value at balance sheet date and expose the Group to equity price risk. The Group manages its exposure by closely monitoring the price movements and the changes in market conditions that may affect the value of these investments.

As at the balance sheet date, the Group has no significant exposure to price risk.

Interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its bank balances and borrowings. Borrowings at variable rates exposed to the Group to cash flow interest rate risk. Balances at fixed rates exposed to the Group to fair value interest rate risk. Details of the Group's bank balances and borrowings are set out in respective notes. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate borrowings at the balance sheet date. The analysis is prepared assuming the amount of variable rate borrowings outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's:

- profit for the year ended 31 March 2008 would decrease/increase by HK$3,406,000 (2007: decrease/increase by HK$1,573,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings; and

The Group's sensitivity to interest rates has increased during the current year mainly due to the issuance of convertible notes and increase in bank borrowings.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 March 2008 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. The Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The Company has no significant credit risk as at 31 March 2008.

Notes to Financial Statements (Cont'd)

31 March 2008

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Liquidity risk

The Group manages liquidity risk by maintaining adequate cash and bank balances, monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The liquidity risk is under continuous monitoring by management. Reports with maturity dates of bank borrowings and thus the liquidity requirement are provided to management for review periodically. Management will raise or refinance bank borrowings whenever necessary.

The table below analyses the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual face value without applying discounted cash flow model based on the earliest date on which the Group can be required to pay, was as follows:

	Less than 1 month	Between 1 to 3 months	Between 3 months to 1 year	Between 1 year to 5 years	More than 5 years	Total
	HK$000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-derivative financial liabilities						
Convertible notes	85	175	772	26,737	–	27,769
Bank borrowings						
– Current	12,275	607	15,458	–	–	28,340
– Non-current	–	–	–	36,598	–	36,598
Obligations under finance leases						
– Current	360	721	3,124	–	–	4,205
– Non-current	–	–	–	894	–	894
Trade and bills payables	18,019	29,166	16,577	398	–	64,160
Bank overdraft	6,461	–	–	–	–	6,461
Other payables and accruals	8,287	755	5,010	1,827	–	15,879
Amount due to a related party	–	635	–	–	–	635
Total	45,487	32,059	40,941	66,454	–	184,941

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern while maximising stakeholders value through the optimisation of debt and equity balance.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may make dividend payments, issue shares and convertible notes, raise or repay bank borrowings.

The Group monitors the capital structure on regular basis using the gearing ratio. The gearing ratio is calculated as bank and other borrowings divided by total equity. The capital structure as at 31 March 2008 and 2007 were as follows:

	2008 HK$'000	2007 HK$'000
Bank and other borrowings	**104,267**	64,830
Total equity	**116,623**	87,142
Gearing ratio	**0.89**	0.74

The increase in the gearing ratio resulted primarily from the issue of convertible notes (Note 18).

Notes to Financial Statements (Cont'd)

31 March 2008

5. SEGMENT INFORMATION

Primary reporting format – Business segments

At 31 March 2008, the Group is primarily engaged in two business segments, fasteners (manufacturing of screws) and surface treatment (provision of electro-plating services).

The segment results for the year ended 31 March 2008 are as follows:

	Results by business segments			
	2008			
	Fasteners HK$'000	Surface treatment HK$'000	Elimination HK$'000	Total HK$'000
External sales	150,354	17,002	–	167,356
Inter-segment sales	–	14,656	(14,656)	–
Total revenue	150,354	31,658	(14,656)	167,356
Segment results	59,055	11,641	–	70,696
Unallocated income				2,286
Unallocated expenses				(43,876)
Operating profit				29,106
Finance costs, net				(6,403)
Profit before taxation				22,703
Taxation				(2,620)
Net profit for the year				20,083
Segment assets	242,809	17,248	–	260,057
Unallocated assets				47,830
Total assets				307,887
Segment liabilities	115,603	2,420	–	118,023
Unallocated liabilities				73,241
Total liabilities				191,264
Other information:				
Capital expenditure	52,137	–	–	52,137
Depreciation	12,525	1,124	–	13,649
Provision for impairment loss on obsolescence of inventories	4	–	–	4

5. SEGMENT INFORMATION (Cont'd)

Primary reporting format – Business segments (Cont'd)

At 31 March 2007, the Group is primarily engaged in two business segments, fasteners (manufacturing of screws) and surface treatment (provision of electro-plating services).

The segment results for the year ended 31 March 2007 are as follows:

	Results by business segments			
	2007			
	Fasteners HK$'000	Surface treatment HK$'000	Elimination HK$'000	Total HK$'000
External sales	106,422	13,116	–	119,538
Inter-segment sales	–	9,575	(9,575)	–
Total revenue	106,422	22,691	(9,575)	119,538
Segment results	45,146	4,917	–	50,063
Unallocated expenses				(26,453)
Operating profit				23,610
Finance costs, net				(4,145)
Profit before taxation				19,465
Taxation				(3,279)
Net profit for the year				16,186
Segment assets	155,112	11,471	–	166,583
Unallocated assets				31,884
Total assets				198,467
Segment liabilities	88,780	15,720	–	104,500
Unallocated liabilities				6,825
Total liabilities				111,325
Other information:				
Capital expenditure	54,062	7,450	–	61,512
Depreciation	9,538	1,150	–	10,688

Notes to Financial Statements (Cont'd)

31 March 2008

5. SEGMENT INFORMATION (Cont'd)

Secondary reporting format – Geographical segments

Geographical locations of the Group principally comprise of the People's Republic of China, including Hong Kong ("HK"), (the "PRC"), South East Asia and other regions. Sales are allocated based on the country in which the customer is located. Segment assets and capital expenditure are allocated based on where the assets are located.

	2008			2007		
	Sales HK$'000	Total assets HK$'000	Capital expenditure HK$'000	Sales HK$'000	Total assets HK$'000	Capital expenditure HK$'000
PRC (including HK)	**125,077**	**304,241**	**52,137**	91,350	194,479	61,512
South East Asia	**11,533**	**3,646**	**–**	6,477	3,988	–
Other regions	**30,746**	**–**	**–**	21,711	–	–
	167,356	**307,887**	**52,137**	119,538	198,467	61,512

6. BANK DEPOSITS

The bank deposits bear interest at 1.85% per annum and matured during the year.

7. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvement HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Office equipment HK$'000	Moulds HK$'000	Total HK$'000
Cost:							
At 1 April 2006	19,000	41,868	2,042	2,010	1,113	7,047	73,080
Additions	3,445	23,579	–	2,835	3,341	2,685	35,885
Written back on disposal	(1,075)	–	(781)	–	–	–	(1,856)
Exchange realignment	576	418	26	25	43	65	1,153
At 31 March 2007 and at 1 April 2007	21,946	65,865	1,287	4,870	4,497	9,797	108,262
Additions	–	21,997	200	–	954	6,086	29,237
Written back on disposal	–	(277)	(50)	–	–	–	(327)
Exchange realignment	2,388	5,194	65	181	325	742	8,895
At 31 March 2008	24,334	92,779	1,502	5,051	5,776	16,625	146,067
Accumulated depreciation:							
At 1 April 2006	3,202	7,795	858	710	662	1,527	14,754
Charge for the year	1,123	4,509	473	743	1,180	2,660	10,688
Written back on disposal	(777)	–	(723)	–	–	–	(1,500)
Exchange realignment	131	939	12	31	23	17	1,153
At 31 March 2007 and at 1 April 2007	3,679	13,243	620	1,484	1,865	4,204	25,095
Charge for the year	1,174	6,684	145	701	803	4,142	13,649
Written back on disposal	–	(147)	(50)	–	–	–	(197)
Exchange realignment	468	1,231	(6)	63	145	289	2,190
At 31 March 2008	5,321	21,011	709	2,248	2,813	8,635	40,737
Net book value:							
At 31 March 2008	**19,013**	**71,768**	**793**	**2,803**	**2,963**	**7,990**	**105,330**
At 31 March 2007	18,267	52,622	667	3,386	2,632	5,593	83,167

Note:

The cost, accumulated depreciation and net book value of property, plant and equipment of the Group as at 31 March 2008 included assets held under finance leases of approximately HK$14,637,000, HK$3,174,000 and HK$11,463,000 (2007: HK$10,541,000, HK$1,518,000 and HK$9,023,000) respectively.

In addition, certain plant and machinery of the Group with an aggregate net book value of approximately HK$41,347,000 (2007: HK$32,079,000) were pledged to secure the bank loan facilities granted by certain financial institutions (Note 35).

Notes to Financial Statements (Cont'd)

31 March 2008

8. CONSTRUCTION IN PROGRESS

	Group HK$'000
At 1 April 2006	–
Additions	18,484
At 31 March 2007 and at 1 April 2007	18,484
Additions	30,185
At 31 March 2008	**48,669**

Analysis of construction-in-progress

	2008 HK$'000	2007 HK$'000
Construction cost of factory premises	**48,669**	18,484

9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2008 HK$'000	2007 HK$'000
Unlisted investments, at cost	**13,488**	14,296
Amounts due from subsidiaries	**69,523**	62,576
Less: impairment loss in respect of amounts due from subsidiaries	**(7,700)**	(7,700)
	61,823	54,876
Amounts due to subsidiaries	**1,440**	739

The carrying amounts of amounts due from subsidiaries is reduced to their recoverable amounts which are determined by reference to the estimation of future cash flows expected to be generated from the respective subsidiaries.

9. INVESTMENTS IN SUBSIDIARIES (Cont'd)

The amounts due from and to subsidiaries are unsecured, interest free and have no fixed terms of repayment. As at 31 March 2008, the company had equity interests in the following subsidiaries:

Name of subsidiaries	Principal activities	Date and country of incorporation	Issued and fully paid-in capital	Percentage of equity interest held
Billion East Limited[1]	Investment holding	13 March 2003 (the British Virgin Islands)	US$2	100%
Chain Dragon Asia Limited ("Chain Dragon")	Investment holding	15 October 1996 (Hong Kong)	HK$2	100%
Evermore Overseas Limited.[1]	Investment holding	12 July 2005 (the British Virgin Islands)	US$1	100%
Genstar Holdings Limited[1]	Investment holding	6 March 2003 (the British Virgin Islands)	US$2	100%
Goodford Limited ("Goodford")	Investment holding	30 August 2006 (Hong Kong)	HK$1	100%
Joyful Mount Limited ("Joyful Mount")[1]	Investment holding	29 September 2006 (the British Virgin Islands)	US$1	100%
Max Gold Ltd.[1]	Investment holding	2 January 2004 (the British Virgin Islands)	US$1	100%
Newsky Global Limited[1]	Investment holding	6 March 2003 (the British Virgin Islands)	US$2	100%
Silver Star Electro-Plating Co., Limited ("Silver Star")	Provision of surface treatment services	7 February 1995 (Hong Kong)	HK$2	100%
Sportmax Ltd.[1]	Investment holding	13 March 2003 (the British Virgin Islands)	US$2	100%
Superior Fastening (Shanghai) Ltd. ("Superior Shanghai")	Manufacturing of fasteners	19 March 2004 (the PRC)	HK$11,517,218	100%
Superior Fasteners (S) Pte Ltd.[2]	Trading of fasteners	22 July 2003 (Singapore)	S$2	100%
Superior Industrial Solutions Ltd.	Investment holding	15 October 2007 (Hong Kong)	HK$100	65%
Superior Industrial Solutions (Shanghai) Ltd.	Manufacturing and trading of fasteners	13 February 2008 (the PRC)	US$300,000	65%
Superior Metal Hardware Products (Huizhou) Ltd. ("Superior Metal")	Manufacturing and trading of fasteners	15 August 2003 (the PRC)	HK$3,000,000	100%
Superior Screws Manufacturers Limited ("Superior HK")	Manufacturing and trading of fasteners	3 March 1999 (Hong Kong)	HK$2	100%
WUXI BSM Co., Ltd. ("WUXI BSM")	Manufacturing and trading of fasteners	4 December 2006 (the PRC)	US$1,000,000	51%

1 Not required to be audited by law of the country of incorporation of that subsidiary

2 Audited by Y M Kew & Co., a Certified Public Accountants in Singapore

Notes to Financial Statements (Cont'd)

31 March 2008

10. CASH AND BANK BALANCES

As at 31 March 2008, the cash and bank balances of the Group included currencies denominated in Renminbi ("RMB") amounted to approximately HK$2,096,000 respectively which is not freely convertible into other currencies.

11. INVENTORIES

	Group 2008 HK$'000	Group 2007 HK$'000
Raw materials	**7,268**	2,458
Work in progress	**8,372**	2,856
Finished goods	**19,001**	16,003
	34,641	21,317
Less: impairment loss recognised in respect of obsolescence of inventories	**(95)**	(91)
	34,546	21,226

As at 31 March 2008, inventories of approximately HK$5,526,000 (2007: HK$2,120,000) were stated at net realisable value.

Movement on the provision for impairment recognised in respect of obsolescence of inventories:

	Group 2008 HK$'000	Group 2007 HK$'000
Balance at the beginning of the year	**91**	91
Impairment loss recognised during the year	**4**	–
Balance at the end of the year	**95**	91

12. TRADE RECEIVABLES

	Group 2008 HK$'000	Group 2007 HK$'000
Trade receivables	**68,681**	31,958
Less: impairment loss recognised	**(204)**	(204)
	68,477	31,754

Movements of impairment loss recognised:

	Group 2008 HK$'000	Group 2007 HK$'000
Balance at the beginning of the year	**204**	204
Impairment losses recognised during the year	**–**	–
Balance at the end of the year	**204**	204

The directors considered that the carrying amounts of the Group's trade receivables approximate to their fair values.

12. TRADE RECEIVABLES (Cont'd)

The Group allows an average credit period of 90 days to its trade customers. The followings is an aged analysis of trade receivables at the balance sheet date:

	Group	
	2008 HK$'000	2007 HK$'000
0 to 30 days	**23,891**	19,317
31 to 60 days	**13,201**	4,077
61 to 90 days	**11,802**	3,698
Over 91 days	**19,583**	4,662
	68,477	31,754

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the impairment loss recognised.

Included in the allowance for doubtful debts are individually impaired trade receivables with a balance of HK$204,000 (2007: HK$204,000). The Group does not hold any collateral over these balances.

	2008 HK$'000	2007 HK$'000
Ageing of impaired trade receivables		
Over 91 days	**204**	204

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
Other receivables	**342**	362	**–**	–
Deposits paid	**11,030**	6,696	**–**	32
Prepayments	**2,120**	5,180	**1,692**	2,014
	13,492	12,238	**1,692**	2,046

The directors of the Company consider that the carrying amounts of the prepayments, deposits and other receivables approximate to their fair values.

Notes to Financial Statements (Cont'd)

31 March 2008

14. SHARE CAPITAL

For the year ended 31 March 2008 and 31 March 2007, details of the share capital of the Company are as follows:

	Note	Number of shares '000	Share capital HK$'000
Ordinary shares of HK$0.17 each			
Authorised:			
At 31 March 2007 and 2008		588,235	100,000
Issued and fully paid:			
At 1 April 2006		110,162	18,727
Conversion of warrants into shares	(c)	1,855	316
At 31 March 2007 and at 1 April 2007		112,017	19,043
Conversion of warrants into shares	(d)	7,997	1,359
At 31 March 2008		**120,014**	**20,402**

(a) On 13 June 2005, the Company entered into a placement agreement with an independent third party for the subscription of 5,400,000 new ordinary shares of HK$0.17 each in the capital of the Company at the placement prices of S$0.15 each for each new share. Upon completion, share premium of HK$2,808,000 was recognised in the financial statements. All the shares rank pari passu in all respects with the existing shares of the Company.

(b) During the year ended 31 March 2006, warrants at an issue price of S$0.03 were issued to the shareholders of the Company on the basis of two warrants for every five existing ordinary shares of HK$0.17 each in the Company. Each warrant entitles its holder to subscribe for one new ordinary share of HK$0.17 each in the capital of the company at the exercise price of S$0.11 during a three year period, 43,878,480 warrants were issued and 462,100 were converted into ordinary shares before the year ended 31 March 2006. During the year, 462,100 warrants were exercised for 462,100 shares of HK$0.17 each at a price of $0.03.

(c) During the year ended 31 March 2007, 1,855,000 warrants were exercised for 1,855,000 shares of HK$0.17 each at a price of S$0.11.

(d) During the year ended 31 March 2008, 7,997,000 warrants were exercised for 7,997,000 shares of HK$0.17 each at a price of S$0.11.

15. RESERVES

Group

	Share premium HK$'000	Statutory fund reserves HK$000	Exchange reserves HK$'000	Warrant reserves HK$'000	Retained earnings HK$'000	Proposed dividend HK$'000	Total HK$'000
Balance as at 1 April 2006	16,196	153	400	4,848	28,115		49,712
Conversion of warrants into shares	659			(73)		–	586
Exchange realignment	–	–	1,219	–	–	–	1,219
Net profit for the year	–	–	–	–	16,582	–	16,582
Proposed dividend (Note 31)	–	–	–	–	(2,744)	2,744	–
Balance as at 31 March 2007 and 1 April 2007	16,855	153	1,619	4,775	41,953	2,744	68,099
Conversion of warrants into shares	4,062	–	–	(893)	–	–	3,169
Exchange realignment	–		7,614	–	–	–	7,614
Dividend paid	–	–	–	–	–	(2,744)	(2,744)
Transfer to statutory fund	–	1,477	–	–	(1,477)	–	–
Net profit for the year	–	–	–	–	20,083	–	20,083
Balance as at 31 March 2008	**20,917**	**1,630**	**9,233**	**3,882**	**60,559**	–	**96,221**

(a) Under the relevant PRC laws and regulations and the Articles and Associations of the PRC subsidiaries, the PRC subsidiaries are required to appropriate certain percentage of their respective net profit to two statutory reserves – the reserve fund and the staff and workers' bonus and welfare fund. Details of the two funds are as follows:

(i) Reserve fund
The PRC subsidiaries are required to appropriate at no less than 10% of the companies' net profit to the reserve fund until such fund reaches 50% of the companies' registered capital.

(ii) Staff and workers' bonus and welfare fund
The PRC subsidiaries are at their discretionary to appropriate certain percentage of the company's net profit to the staff and workers' bonus and welfare fund which are charged to the income statement as expenses.

During the year ended 31 March 2007, no transfer of profit to both statutory fund reserves and staff and workers' bonus and welfare fund.

Notes to Financial Statements (Cont'd)

31 March 2008

15. RESERVES (Cont'd)

Company

	Share premium HK$000	Exchange reserves HK$'000	Warrant reserves HK$'000	Retained earnings HK$'000	Proposed dividend HK$'000	Total HK$'000
Balance as at 1 April 2006	16,196	–	4,848	(7,662)	–	13,382
Conversion of warrants into shares	659	–	(73)	–	–	586
Net loss for the year	–	–	–	11,730	–	11,730
Proposed dividend (Note 31)	–	–	–	(2,744)	2,744	–
Balance as at 31 March 2007 and 1 April 2007	16,855	–	4,775	1,324	2,744	25,698
Conversion of warrants into shares	4,062	–	(893)	–	–	3,169
Exchange realignment	–	(4,150)	–	–	–	(4,150)
Dividend paid					(2,744)	(2,744)
Net profit for the year	–	–	–	396	–	396
Balance as at 31 March 2008	**20,917**	**(4,150)**	**3,882**	**1,720**	**–**	**22,369**

In the opinion of the directors of the Company, the Company had no distributable reserve as at the balance sheet date.

16. LONG-TERM BANK LOANS AND BANK OVERDRAFT

	Group		Company	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
Long term bank loans	**64,938**	51,453	**17,667**	22,347
Bank overdrafts	**6,461**	3,974	**–**	–
	71,399	55,427	**17,667**	22,347
Analysed as:				
Secured	**71,399**	55,427	**17,667**	22,347
Unsecured	**–**	–	**–**	–
	71,399	55,427	**17,667**	22,347

	Group		Company	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
Carrying amount repayable:				
On demand or within one year	**34,801**	17,704	**5,733**	4,680
More than one year, but not exceeding two years	**36,598**	37,723	**11,934**	17,667
	71,399	55,427	**17,667**	22,347
Less: Amount due within one year shown under current liabilities	**(34,801)**	(17,704)	**(5,733)**	(4,680)
	36,598	37,723	**11,934**	17,667

16. LONG-TERM BANK LOANS AND BANK OVERDRAFT (Cont'd)

At the balance sheet date, the Group was exposed to fixed-rate borrowings carrying interest ranging from 3.4% to 8.25% (2007: fixed rate borrowing carrying interest ranging from 3.8% to 8.25%) per annum, and the contractual maturity dates are as follows:

	Group		Company	
	2008 HK$'000	**2007 HK$'000**	**2008 HK$'000**	**2007 HK$'000**
Fixed rate borrowings:				
Within one year	**4,787**	2,563	**–**	–
More than one year, but not exceeding two years	**2,109**	1,713	**–**	–
	6,896	4,276	**–**	–

In addition, the Group has variable-rate borrowings amounting to HK$64,503,000 (2007: HK$51,151,000) which carrying interest ranging from 5% to 8.25% (2007: variable rate borrowing carrying interest ranging from 7% to 9.25%) per annum.

The bank loans and overdrafts of the Group were secured by:

(a) Several personal guarantees provided by certain directors; and

(b) Certain of the Group's plant and machinery with an aggregate net book value of approximately HK$41,347,000 (2007: HK$32,079,000) (Note 7).

The bank loans of the Company were secured by:

(a) Corporate guarantees provided by certain subsidiaries of the Group; and

(b) Certain of the Group's plant and machinery with an aggregate net book value of approximately HK$22,760,000 (2007: HK$23,750,000).

The directors consider that the fair value of the Group's borrowings approximates to their carrying amounts.

Notes to Financial Statements (Cont'd)

31 March 2008

17. OBLIGATIONS UNDER FINANCE LEASES

At as 31 March 2008, the total future minimum lease payments under finance leases and their present values are as follows:

Group

	Minimum lease payments 2008 HK$'000	Minimum lease payments 2007 HK$'000	Present value of minimum lease payments 2008 HK$'000	Present value of minimum lease payments 2007 HK$'000
Amount payable:				
Within one year	**4,681**	4,807	**4,205**	4,471
In the second to fifth years, inclusive	**1,013**	5,671	**894**	4,932
Total minimum finance lease payments	**5,694**	10,478	**5,099**	9,403
Future finance charges	**(595)**	(1,075)		
Total net finance lease payables	**5,099**	9,403		
Portion classified as current liabilities	**(4,205)**	(4,471)		
Non-current liabilities	**894**	4,932		

It is the Group's policy to lease certain of its property, plant and equipment under finance leases. The interest rate on finance lease was approximately 3.53% (2007: 3.4%) per annum and the term entered into was three years. Interest rate is fixed at the contract rate. The leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

18. CONVERTIBLE NOTES

5 million Singapore dollars denominated convertible notes were issued by the Company on 2 November 2007 at an issue price of S$1 per note. The conversion price is S$0.35 per share, subject to adjustment.

Conversion may occur at any time between 2 November 2007 and 26 October 2010. If the notes have not been converted, they will be redeemed on 2 November 2010 at 103% of their principal amount. The notes bear interest at the rate of Singapore Dollars Swap Offered Rate plus 1% per annum, payable quarterly in arrears on 1 April, 1 July, 1 October and 1 January in each year.

The net proceeds received from the issue of the convertible notes have been split between the liability element and conversion option, representing the call option on the equity of the Group, as follows:

	2008 HK$'000
Liability component (note (i))	26,049
Conversion option (note (ii))	1,720
	27,769

18. CONVERTIBLE NOTES (Cont'd)

Note (i)

	HK$'000
Proceeds of issue (net of apportioned transaction costs)	28,192
Conversion option	(2,534)
Liability component at date of issue	25,658
Imputed interest expense charged (Note 27)	705
Interest paid during the year	(360)
Exchange realignment	46
Liability component at 31 March 2008	**26,049**

The interest charged for the year is calculated by applying an effective interest rate of 7.7454%. The liability component is measured at amortised cost. The difference between the carrying amount of the liability component at the date of issue (HK$25 million) and the amount reported in the balance sheet at 31 March 2008 (HK$26 million) represents the effective interest rate less interest paid to that date.

Note (ii)

	Conversion option HK$'000
At 1 April 2006, 31 March 2007 and 1 April 2007	–
Arising on issuance of convertible notes	2,534
Change in fair value	(763)
Exchange realignment	(51)
At 31 March 2008	**1,720**

The fair value at 31 March 2008 of conversion option was valued by BMI Appraisals Limited, an independent valuer, on a Binomal Method basis. The expected volatility of conversion option is 53.52% and the risk free rate is 1.27%.

The change in fair value of conversion option has been charged to the consolidated income statement during the year.

Notes to Financial Statements (Cont'd)

31 March 2008

19. DEFERRED TAX LIABILITIES

Deferred tax liabilities are calculated in full on temporary differences under the liability method using a principal tax rate of 17.5% (2007: 17.5%).

The movement on the deferred tax liabilities is as follows:

	Group	
	2008 HK$'000	**2007 HK$'000**
At 1 April 2007/2006	**2,783**	368
Charge to consolidated income statement during the year (Note 29)	**629**	2,415
At 31 March 2008/2007	**3,412**	2,783

Deferred tax liabilities as shown above is due to the accelerated tax depreciation of property, plant and equipment resulting in the tax bases being lower than carrying amounts.

20. TRADE AND BILLS PAYABLES

	Group	
	2008 HK$'000	**2007 HK$'000**
Trade payables	**41,250**	9,128
Bills payables	**22,910**	22,687
	64,160	31,815

The directors consider that the fair value of the Group's trade payables approximates to their carrying amounts.

21. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2008 HK$'000	**2007 HK$'000**	**2008 HK$'000**	**2007 HK$'000**
Other payables	**3,908**	65	**–**	–
Accrued salaries	**4,428**	2,987	**2,647**	1,897
Accrued professional fees	**652**	853	**384**	573
Accrued operating expenses	**1,086**	788	**–**	–
Trade deposit received	**431**	672	**–**	–
Other accruals	**3,588**	1,008	**49**	392
Value-added tax payable	**1,786**	1,154	**–**	–
	15,879	7,527	**3,080**	2,862

22. FINANCIAL GUARANTEE LIABILITIES

	Group		Company	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
Guarantees given to certain subsidiaries for banking facilities	**–**	–	**8**	816

23. AMOUNT DUE TO A RELATED PARTY

The amount due to a related party was unsecured, interest free and repayable on demand. The directors consider that the amount due to a related party approximate to its fair value.

24. REVENUE AND OTHER REVENUE

Analysis of the Group's sales is as follows:

	2008 HK$'000	2007 HK$'000
Revenue		
Sales of fasteners, net of VAT	**150,354**	106,422
Surface treatment service income, net of VAT	**17,002**	13,116
	167,356	119,538
Other revenue		
Interest income on bank deposits	**1,033**	365
Sundry income	**490**	993
	1,523	1,358

25. GAIN ON LIQUIDATION OF A SUBSIDIARY

Net liabilities disposed of:

	2008 HK$'000	2007 HK$'000
Business tax payable		
Other payables and accruals	**–**	3,438
Exchange reserve released on liquidation	**–**	3,332
	–	486
Gain on liquidation of a subsidiary	**–**	7,256

Notes to Financial Statements (Cont'd)

31 March 2008

26. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities was determined after charging/(crediting) the following:

	2008 HK$'000	2007 HK$'000
Cost of inventories sold	**96,660**	69,475
Employee benefit expense (including directors' emoluments) (Note 28)	**30,505**	21,622
Depreciation of property, plant and equipment	**13,649**	10,688
Operating lease rental on property	**1,180**	1,325
Auditors' remuneration*	**650**	536
Repairs and maintenance expense on property, plant and machinery	**1,349**	1,111
Loss on sale of property, plant and equipment	**120**	112
Provision for impairment loss on obsolescence of inventories	**4**	–
Gain on liquidation of a subsidiary	**–**	(7,256)

* No non audit fee was paid to the auditors by the Group during the financial year (2007: Nil)

27. FINANCE COSTS, NET

	2008 HK$'000	2007 HK$'000
Interest on bank advance and other borrowing wholly repayable within five years	**4,166**	2,123
Interest on other loans	**426**	374
Finance charges on obligations under finance lease	**335**	315
Interest on bills payable	**1,149**	1,382
	6,076	4,194
Imputed interests on convertible notes (Note 18)	**705**	–
Total interest	**6,781**	4,194
Exchange gain on transaction of foreign currency	**(378)**	(49)
	6,403	4,145

28. EMPLOYEE BENEFIT EXPENSE

	2008 HK$'000	2007 HK$'000
Wages and salaries	**28,321**	20,793
Pension costs – defined contribution plans	**2,184**	829
	30,505	21,622
Number of full-time employees at end of the year	**621**	572

29. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

On 16 March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax by Order No. 63 of the President of the People's Republic of China, which will change the tax rate from 33% to 25% for certain subsidiaries from 1st January 2008. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective years when the asset is realised or the liability is settled.

	2008 HK$'000	2007 HK$'000
Current taxation		
The charge (credit) comprises:		
– Hong Kong	**8**	–
– the PRC	**1,983**	846
– Singapore	**–**	11
(Over)/under-provision in previous year		
– Singapore	**–**	–
– Hong Kong	**–**	7
	1,991	864
Deferred taxation (Note 19)	**629**	2,415
	2,620	3,279

The tax charge for the year can be reconciled to the profit before tax as follows:

The Group – for the year ended 31 March 2008

	HONG KONG		THE PRC		SINGAPORE		TOTAL	
	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%
Profit before taxation	**5,914**		**16,756**		**33**		**22,703**	
Tax at the statutory tax rate	**1,035**	**17.5**	**4,189**	**25.0**	**6**	**18.0**	**5,230**	**23.0**
Tax exemption	**–**	**–**	**(2,654)**	**(15.9)**	**(16)**	**(48.3)**	**(2,670)**	**(11.8)**
Under-provision in previous year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Utilisation of previously unrecognised tax assets	**(161)**	**(2.7)**	**(48)**	**(0.3)**	**–**	**–**	**(209)**	**(0.9)**
Expenses not deductible for tax	**1,926**	**32.6**	**496**	**3.0**	**10**	**30.3**	**2,432**	**10.7**
Tax effect on income not taxable	**(2,163)**	**(36.6)**	**–**	**–**	**–**	**–**	**(2,163)**	**(9.5)**
Tax charge for year	**637**	**10.8**	**1,983**	**11.8**	**–**	**–**	**2,620**	**11.5**

Notes to Financial Statements (Cont'd)

31 March 2008

29. INCOME TAX EXPENSE (Cont'd)

The Group – for the year ended 31 March 2007

	HONG KONG		THE PRC		SINGAPORE		TOTAL	
	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%
Profit before taxation	12,082		7,448		(65)		19,465	
Tax at the statutory tax rate	2,114	17.5	1,788	24.0	(12)	(18.0)	3,890	20.0
Tax exemption	–	–	(5,402)	(72.5)	(14)	(21.8)	(5,416)	(27.8)
Under-provision in previous year	7	0.1	–	–	–	–	7	–
Utilisation of previously unrecognised tax assets	984	8.2	8,787	118.0	–	–	9,771	50.2
Expenses not deductible for tax	627	5.2	–	–	30	46.1	657	3.3
Tax effect on income not taxable	(1,327)	(11.0)	(4,303)	(57.8)	–	–	(5,630)	(28.9)
Tax charge for year	2,405	20.0	870	11.7	4	6.3	3,279	16.8

(a) Hong Kong profits tax has been provided for the Company and subsidiaries incorporated in Hong Kong at the rate of 17.5% (2007: 17.5%) on the estimated assessable profit for the year.

(b) There are two subsidiaries incorporated in the PRC, Superior Metal and Superior Shanghai which are subject to the Enterprise Income Tax (the "EIT") of the PRC at an EIT rate of 24% on taxable profits. The subsidiaries are exempted from the PRC EIT in the first two profit making years followed by a 50% reduction for the consecutive three years thereafter.

Superior Metal was incorporated in August 2003 and was exempted from the PRC EIT tax for the period from 1 January 2003 to 31 December 2004 and began enjoying a 50% reduction on the EIT rate from 1 January 2005. Superior Shanghai was incorporated in March 2004 and was exempted from the PRC EIT tax for the period from 1 January 2007 and began enjoying a 50% reduction on the EIT rate from 1 January 2009.

30. DIRECTORS' EMOLUMENTS

The aggregate amounts of emoluments paid/payable to the directors during the year are as follows:

	2008 HK$'000	2007 HK$'000
Fees	**809**	713
Other emoluments	**4,729**	3,700
Pension costs – defined contribution plans	**24**	24
	5,562	4,437

30. DIRECTORS' EMOLUMENTS (Cont'd)

Analysis of directors' emoluments by number of directors and emolument band is as follows:

	Number of Directors 2008	2007
Executive directors		
– S$250,000 to below S$500,000 (equivalent to approximately HK$1,225,000 to HK$2,450,000)	**3**	3
– Below S$250,000 (equivalent to approximately HK$1,225,000)	**–**	–
Total	**3**	3
Non-executive and Independent directors		
– Below S$250,000 (equivalent to approximately HK$1,225,000)	**3**	3

31. DIVIDEND

	2008 HK$'000	2007 HK$'000
Proposed dividend	**–**	2,744

The directors do not recommend the payment of dividend for the year ended 31 March 2008 (2007: S$0.005 per share).

32. EARNINGS PER SHARE

	2008 Cents per share	2007 Cents per share
Basic earnings per share	**17.07**	14.93
Diluted earnings per share	**14.21**	12.44

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2008 HK$'000	2007 HK$'000
Earnings used in the calculation of total basic earnings per share	**20,083**	16,582

	2008 '000	2007 '000
Weighted average number of ordinary shares for the purposes of basic earnings per share (all measures)	**117,617**	111,049

Notes to Financial Statements (Cont'd)

31 March 2008

32. EARNINGS PER SHARE (Cont'd)

Diluted earnings per share

The earnings used in the calculation of diluted earnings per share are as follows:

	2008 HK$'000	2007 HK$'000
Profit for the year attributable to equity holder of the parent	**20,083**	16,582
Imputed interests on convertible notes	**705**	–
Earnings used in the calculation of total diluted earnings per share	**20,788**	16,582

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	2008 '000	2007 '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	**117,617**	111,049
Effect of dilutive potential ordinary shares:		
Warrants	**22,846**	22,250
Convertible notes	**5,871**	–
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (all measures)	**146,334**	133,299

33. COMMITMENTS

(a) Capital commitments

Capital commitments for property, plant and equipment at the balance sheet date are as follows:

	2008 HK$'000	2007 HK$'000
Commitments for the acquisition of property, plant and equipment	**17,836**	–

(b) Operating lease commitments

The Group leases various offices, factory premises and warehouses under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2008 HK$'000	2007 HK$'000
Not longer than 1 year	**647**	450
Longer than 1 year and not later than 5 years	**2,294**	1,061
Longer than 5 years	**4,568**	1,535
	7,509	3,046

34. CONTINGENT LIABILITIES

The maximum amount of contingent liabilities on the guarantees given to certain subsidiaries for banking facilities by the Group and the Company is as follows:

	Group		Company	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
Guarantees given to certain subsidiaries for banking facilities	**–**	–	**71,327**	28,470

Apart from as disclosed above, the Group and the Company had no other contingent liabilities at the balance sheet date.

35. BANKING FACILITIES

Aggregate banking facilities of the Group as at 31 March 2008 were approximately HK$114,975,000 (2007: HK$88,529,000) of which the unused facilities as at the same date amounted to approximately HK$84,749,000 (2007: 60,059,000). These facilities related to overdrafts, loans and trade financing and were secured by:

(a) Several personal guarantees provided by certain directors;

(b) Certain of the Group's plant and machinery with an aggregate net book value of approximately HK$41,347,000 (2007: HK$32,079,000) (Note 7); and

(c) Corporate guarantees provided by certain subsidiaries of the Group.

36. EMPLOYEE SHARE OPTION SCHEME

On 27 October 2003, the shareholders of the Group approved a share option scheme known as the Superior Employee Share Option Scheme (the "ESOS"). The ESOS is administered by the Remuneration Committee comprising Mr Chan Kam Fuk, Mr See Yen Tarn and Mr Tan Chong Huat, directors of the Group. The ESOS will provide eligible participants, such as the executive directors, non-executive directors and employees of the Group who are not controlling shareholders or their associates except for Mr Lam Tse Shing, with an opportunity to participate in the equity of the Group and to motivate them towards better performance through increased dedication and loyalty. The aggregate number of shares over which the Remuneration Committee may grant options on any date shall not exceed 15% of the issued shares of the participants, exercise price, exercise period and the timing of such grant are to be determined at the absolute discretion of the Remuneration Committee.

During the year ended 31 March 2008 and 2007, the Company had not granted any share option to the eligible participants.

37. EMPLOYEE SHARE AWARDS SCHEME

On 31 July 2006, the shareholders of the Company approved a share-based incentive scheme known as the Superior Fastening Technology Share Plan (the "Plan"). The Plan is administered by the Remuneration Committee comprising Mr Chan Kam Fuk, Mr See Yen Tarn and Mr Tan Chong Huat, directors of the Group. The Plan will provide eligible participants, such as the non-executive directors and employees of the Group who are not controlling shareholders or their associates, with an opportunity to participate in the equity of the Group and to motivate them to greater dedication, loyalty and higher standards of performance.

Under the Plan, awards are granted to eligible participants. Awards represent the conferred by the Company on a participant to be issued or transferred shares in the Company, free of charge and in accordance with the rules as set out in Chapter 8 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Notes to Financial Statements (Cont'd)

31 March 2008

37. EMPLOYEE SHARE AWARDS SCHEME (Cont'd)

The aggregate number of shares over which the Remuneration Committee may grant awards on any date, when added to the number of new shares issued and issuable in respect of all shares granted under the Plan and other existing share schemes or share option schemes implemented or to be implemented by the Company, shall not exceed 15% of the issued share capital of the Company on the date preceding that date.

During the year ended 31 March 2008, the Company had not granted any share awards to the eligible participants.

38. RELATED PARTY TRANSACTIONS

For the year ended 31 March 2008, the Group had total compensation for key management personnel comprising the directors of the Company at approximately HK$5,669,000 (2007: HK$5,621,000).

During the year, the Group had the following material transactions with related parties:

Name of related parties	Relationship	Nature of transactions	2008 HK$'000	2007 HK$'000
Superior Precision Engineering (Wuxi) Co. Ltd.	Company in which have common key management personnel	Purchase	**709**	–

39. OTHER MATTER

In the course of preparation of the Group's consolidated financial statements for the year ended 31 March 2008, the directors of the Company (the "Directors") noted certain errors (the "Errors") made by Superior HK, a wholly-owned subsidiary of the Company, in documents supporting its applications for certain trust receipts loans granted by certain banks to Superior HK during the year ended 31 March 2008. In particular, certain purchase invoices used by Superior HK in its applications for loans under a pre-existing trust receipts facility were found to contain incorrect description of goods or services received, and the relevant banks might not have been fully aware of the background and business rationale of the underlying transactions at the time of Superior HK's applications for the trust receipts loans. The aforesaid trust receipts loans were fully repaid by the Group prior to 31 March 2008. Having investigated the nature and cause of the Errors, the Directors were of the opinion that the Errors were unintentional and represented isolated events, and had no material effects on the Group's consolidated financial statements for the year ended 31 March 2008. In order to clarify the Errors, the Directors have taken the following actions subsequent to the balance sheet date:

(a) The details of the Errors have subsequently been disclosed to the relevant bank by the Directors for clarification.

(b) The Directors have obtained legal advice from the Group's legal counsel for the relevant transactions as aforesaid. Based on the legal advice of the Group's legal counsel, the Directors were of the opinion that no material actual or contingent liabilities would arise from the Errors.

(c) The Directors have made a declaration to confirm that the Errors were unintentional and represented isolated events and that there were no other errors or similar incidents during the year ended 31 March 2008.

40. SUBSEQUENT EVENT

Since the financial year ended 31 March 2007, the Group is subject to the financial covenants under its banking facilities. As at 31 March 2008, the Group was not in compliance with one of the covenants in relation to the banking facilities which required that the ratio of current assets to current liabilities should exceed 2:1. Subsequent to the balance sheet date, the Group has obtained the bank's waiver from declaring an event of default with respect to the breach of this covenant for the year ended 31 March 2008. Accordingly, the Group's borrowings under such banking facilities with repayment term over 12 months have been classified as non-current liabilities.

41. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 19 July 2008.

Statistics of Shareholdings

as at 18 July 2008

Issued and fully paid up capital	:	HK$20,402,431
Class of shares	:	Ordinary Share of HK$0.17 each
Voting rights	:	One vote per share

Substantial shareholders of the Company (as recorded in the Register of Substantial Shareholders)

	No. of Ordinary shares of HK$0.17 each			
Name	Direct Interest	%	Deemed Interest	%
China Network Group Limited	68,221,200	56.84	–	–
Lam Tak Shing	160,000	0.13	74,221,200	61.84
Tang Yuk Fung	–	–	68,221,200	56.84
Kwan Suk Yee	6,000,000	5.00	68,381,200	56.98

Notes:

1. Ms Kwan Suk Yee and Mr Tang Yuk Fung are deemed to be interested in the shares held by China Network Group Limited as they own more than 20.0% of the issued and paid-up share capital of China Network Group Limited each.

2. Mr Lam Tak Shing is the husband of Ms Kwan Suk Yee. Each of them is deemed to be interested in the shares held by each other.

FREE FLOAT [Rule 1204(9) of the Rules of Catalist]

As at 18 July 2008, approximately 38.03% of the shareholding in the Company was held in the hands of the public (on the basis of information available to the Company). The Company did not hold any treasury shares as at 18 July 2008.

Accordingly, the Company has complied with Rule 723 of the Rules of Catalist of the Singapore Exchange Securities Trading Limited.

Statistics of Shareholdings (Cont'd)

as at 18 July 2008

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	134	18.01	2,070	0.00
1,000 – 10,000	228	30.65	1,151,000	0.96
10,001 – 1,000,000	370	49.73	27,401,010	22.83
1,000,001 and above	12	1.61	91,460,220	76.21
Total	**744**	**100.00**	**120,014,300**	**100.00**

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1	China Network Group Limited	37,110,600	30.92
2	Merrill Lynch (Singapore) Pte Ltd	23,530,600	19.61
3	UOB Kay Hian Pte Ltd	8,098,000	6.75
4	CIMB Bank Nominees (S) Sdn Bhd	8,000,000	6.67
5	Kim Eng Securities Pte. Ltd.	2,864,020	2.39
6	Sin Seng Huat International Pte Ltd	2,662,000	2.22
7	Hong Leong Finance Nominees Pte Ltd	1,869,000	1.56
8	United Overseas Bank Nominees Pte Ltd	1,855,000	1.55
9	OCBC Securities Private Ltd	1,483,000	1.24
10	Lau Lye Teck	1,475,000	1.23
11	Low Chin Yee	1,276,000	1.06
12	Phillip Securities Pte Ltd	1,237,000	1.03
13	Lim Soon Lai	754,000	0.63
14	Yim Wing Cheong	735,000	0.61
15	DMG & Partners Securities Pte Ltd	708,000	0.59
16	Seah Seow Choo	542,000	0.45
17	Kwan Tuck Lock Michael	507,000	0.42
18	Vision Capital Private Limited	500,000	0.42
19	Wong Hong Eng	500,000	0.42
20	BNP Paribas Nominees Singapore Pte Ltd	487,000	0.41
Total		**96,193,220**	**80.18**

Statistics of Warrant Holdings

as at 18 July 2008

Distribution of Warrant Holdings

Size of Shareholdings	No. of Warrant Holders	%	No. of Warrants	%
1 – 999	42	21.32	6,060	0.02
1,000 – 10,000	33	16.75	203,280	0.60
10,001 – 1,000,000	112	56.85	11,410,000	34.00
1,000,001 and above	10	5.08	21,941,040	65.38
Total	**197**	**100.00**	**33,560,380**	**100.00**

Twenty Largest Warrant Holders

No.	Name	No. of Warrants	%
1	Vision Capital Private Limited	3,800,000	11.32
2	Martin Columba Gallagher	2,900,000	8.64
3	Hong Leong Finance Nominees Pte Ltd	2,740,000	8.16
4	UOB Kay Hian Pte Ltd	2,454,000	7.31
5	Kwan Suk Yee	2,408,790	7.18
6	Ramesh s/o Pritamdas Chandiramani	2,084,000	6.21
7	Phillip Securities Pte Ltd	2,053,250	6.12
8	Sin Seng Huat International Pte Ltd	1,350,000	4.02
9	DBS Vickers Securities (S) Pte Ltd	1,099,000	3.27
10	OCBC Securities Private Ltd	1,052,000	3.13
11	Ng Kim Ming	1,000,000	2.98
12	Kim Eng Securities Pte. Ltd.	760,200	2.27
13	Lim & Tan Securities Pte Ltd	674,000	2.01
14	Mayban Nominees (S) Pte Ltd	495,000	1.47
15	Low Chin Yee	479,000	1.43
16	Loh Chin Joo	400,000	1.19
17	Chung Seng Yook	385,000	1.15
18	Wong Hien Chong	275,000	0.82
19	Brian Lim Ban Kok (Lin Wanguo)	250,000	0.74
20	Lim Swee Pen	227,000	0.68
Total		**26,886,240**	**80.10**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Superior Fastening Technology Limited (the "Company") will be held at 80 Raffles Place, #25-01 UOB Plaza 1, Singapore 048624 on Thursday, 14 August 2008 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Accounts of the Company for the financial year ended 31 March 2008 together with the Auditors' Report thereon. **(Resolution 1)**

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

   Mr Lam Tak Shing **(Resolution 2)**
   Mr Tang Yuk Fung **(Resolution 3)**

3. To approve the payment of Directors' fees of HK$930,600 for the financial year ending 31 March 2009, to be paid quarterly in arrears. **(Resolution 4)**

4. To re-appoint Messrs HLB Hodgson Impey Cheng as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**

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

AS SPECIAL BUSINESS

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

6. Authority to allot and issue shares up to one hundred per cent. (100%) of the total number of issued shares excluding treasury shares.

   "That, pursuant to Rule 806(2) of the Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "Rules of Catalist"), authority be and is hereby given to the Directors to:-

   (a) allot and issue shares in the Company; and

   (b) issue convertible securities and any shares in the Company pursuant to convertible securities

   (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors shall in their absolute discretion deem fit, provided that the aggregate number of shares (including any shares to be issued pursuant to the convertible securities) in the Company to be issued pursuant to such authority shall not exceed one hundred per cent. (100%) of the total number of issued shares excluding treasury shares for the time being and that the aggregate number of shares and convertible securities in the Company to be issued other than on a pro rata basis to the then existing shareholders of the Company shall not exceed fifty per cent. (50%) of the total number of issued shares excluding treasury shares for the time being. Unless revoked or varied by the Company in general meeting, such authority shall continue in full force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting is required by law or by the Company's Bye-laws to be held, whichever is earlier, except that the Directors shall be authorised to allot and issue new shares pursuant to the convertible securities notwithstanding that such authority has ceased. For the purposes of this Resolution and Rule 806(3) of the Rules of Catalist, the percentage of the total number of issued shares excluding treasury shares is based on the total number of issued shares excluding treasury shares at the time this Resolution is passed after adjusting for:-

AS SPECIAL BUSINESS (Cont'd)

6. (i) new shares arising from the conversion or exercise of convertible securities;

(ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the Rules of Catalist; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares." *[See Explanatory Note (i)]* **(Resolution 6)**

7. Authority to grant options and issue shares under the Superior Employee Share Option Scheme

"That the Directors be and are hereby empowered to grant options, and to allot and issue from time to time such number of shares as may be required to be issued pursuant to the exercise of options granted under the Superior Employee Share Option Scheme (the "Scheme") provided always that the aggregate number of shares in respect of which such options may be granted and which may be issued pursuant to the Scheme and the Plan (as defined in Resolution 8 below) shall not exceed fifteen per cent. (15%) of the issued share capital of the Company from time to time." *[See Explanatory Note (ii)]* **(Resolution 7)**

8. Authority to grant share awards under the Superior Fastening Technology Share Plan

"That the Directors be and are hereby authorised to grant awards in accordance with the provisions of the Superior Fastening Technology Share Plan (the "Plan") and to allot and issue from time to time such number of fully paid-up shares as may be required to be allotted and issued pursuant to the vesting of awards under the Plan, provided that the aggregate number of shares to be allotted and issued pursuant to the Scheme (as defined in Resolution 7) and the Plan shall not exceed fifteen per cent. (15%) of the total issued share capital of the Company from time to time." *[See Explanatory Note (iii)]* **(Resolution 8)**

By Order of the Board

Tan Ping Ping
Company Secretary

Singapore, 23 July 2008

Notice of Annual General Meeting (Cont'd)

Explanatory Notes:

(i) The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company. The aggregate number of shares and convertible securities (including any shares issued pursuant to the convertible securities) which the Directors may allot and issue under this Resolution shall not exceed one hundred per cent. (100%) of the total number of issued shares excluding treasury shares (as defined in Resolution 6) of the Company at the time of passing of this resolution. For issues of shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of shares and convertibles securities to be issued shall not exceed fifty per cent. (50%) of the total number of issued shares excluding treasury shares (as defined in Resolution 6) of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law or by the Company's Bye-laws to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue shares pursuant to any convertible securities issued under this authority.

(ii) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors of the Company, to grant options and to allot and issue shares upon the exercise of such options in accordance with the Scheme.

(iii) The Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors of the Company, to grant awards and to allot and issue shares pursuant to the vesting of the awards in accordance with the Plan.

Notes:

1. If a member being a depositor whose name appears in the Depository Register (as defined in the Bye-laws of the Company) wishes to attend and vote at the Annual General Meeting, then he/it should complete the Proxy Form and deposit the duly completed Proxy Form at the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 3 Church Street, #08-01 Samsung Hub, Singapore 049483, at least 48 hours before the time of the Annual General Meeting.

2. If a depositor wishes to appoint a proxy / proxies, then the Proxy Form must be deposited at the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 3 Church Street, #08-01 Samsung Hub, Singapore 049483, at least 48 hours before the time of the Annual General Meeting.

SUPERIOR FASTENING TECHNOLOGY LIMITED
(Registration No. 33437)
(Incorporated in Bermuda with limited liability)

Proxy Form
For Script-based Shareholders Only

I/We ____ (Name)

of ____ (Address)

being a member/members of **SUPERIOR FASTENING TECHNOLOGY LIMITED** (the "Company") hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)

as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting of the Company (the "Meeting") to be held at 80 Raffles Place, #25-01 UOB Plaza 1, Singapore 048624 on Thursday, 14 August 2008 at 9.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any matter arising at the Meeting.

No.	Resolutions relating to:	For	Against
1.	Directors' Report and Accounts for the year ended 31 March 2008		
2.	Re-election of Mr. Lam Tak Shing		
3.	Re-election of Mr. Tang Yuk Fung		
4.	Approval of Directors' fees amounting to HK$930,600 for the financial year ending 31 March 2009, to be paid quarterly in arrears		
5.	Re-appointment of Messrs HLB Hodgson Impey Cheng as the Company's Auditors		
6.	Authority to allot and issue new shares		
7.	Authority to grant options and issue shares under the Superior Employee Share Option Scheme		
8.	Authority to grant awards and issue shares under the Superior Fastening Technology Share Plan		

Dated this ____________________ day of ____________________ 2008

Total No. of Shares in:	No. of Shares
Register of Members	

____
Signature(s) of Member(s)
or, Common Seal of Corporate Member

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. A member should insert the total number of shares registered in his name in the Register of Members of the Company.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him.
3. A proxy need not be a member of the Company.
4. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as percentage of the whole) to be represented by each proxy.
5. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 3 Church Street, #08-01 Samsung Hub, Singapore 049483 not less than 48 hours before the time appointed for the Annual General Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
7. Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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