VST HOLDINGS LIMITED
偉仕控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 856)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2008

The board ("Board") of directors (the "Directors") of VST Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2008, together with the comparative figures for the previous year as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Year ended 31 March	
		2008	2007
	Note	***HK$'000***	*HK$'000*
Turnover	*3*	**12,350,522**	4,236,829
Cost of sales		**(11,681,141)**	(3,980,795)
Gross profit		**669,381**	256,034
Other gains, net	*4*	**27,537**	2,578
Selling and distribution expenses		**(168,116)**	(20,799)
Administrative expenses		**(154,259)**	(36,963)
Operating profit	*5*	**374,543**	200,850
Finance costs	*6*	**(44,587)**	(5,256)
		329,956	195,594
Share of loss of an associated company		**(693)**	–
Profit before taxation		**329,263**	195,594
Taxation	*7*	**(69,710)**	(34,261)
Profit for the year		**259,553**	161,333
Profit for the year attributable to			
– Equity holders of the Company		**244,743**	161,333
– Minority interest		**14,810**	–
		259,553	161,333
Dividends	*8*	**–**	72,670
Earnings per share for profit attributable to equity holders of the Company (expressed in HK cents per share)	*9*		
Basic		**23.99 cents**	18.07 cents
Diluted		**23.99 cents**	17.55 cents

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2008

	Note	**2008** **HK$'000**	2007 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**58,783**	2,793
Goodwill		**316,291**	–
Interest in an associated company		**37,608**	–
Available-for-sale financial assets		**18,621**	9,467
Deferred tax assets		**17,281**	–
		448,584	12,260
Current assets			
Trade and other receivables	10	**2,927,159**	350,054
Inventories		**1,407,112**	287,661
Pledged bank deposits		**–**	10,000
Cash and cash equivalents		**312,814**	113,926
		4,647,085	761,641
Total assets		**5,095,669**	773,901
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**111,767**	93,167
Reserves		**994,140**	283,069
Proposed dividend		**–**	42,857
		1,105,907	419,093
Minority interest in equity		**83,667**	–
Total equity		**1,189,574**	419,093
LIABILITIES			
Non-current liabilities			
Deferred income		**4,783**	–
Borrowings		**351,519**	–
Deferred tax liabilities		**3,817**	200
		360,119	200
Current liabilities			
Trade and other payables	11	**1,825,240**	336,926
Borrowings		**1,666,911**	–
Taxation payable		**30,158**	17,682
Other financial liabilities at fair value through profit or loss		**23,667**	–
		3,545,976	354,608
Total liabilities		**3,906,095**	354,808
Total equity and liabilities		**5,095,669**	773,901
Net current assets		**1,101,109**	407,033
Total assets less current liabilities		**1,549,693**	419,293

NOTES TO THE ACCOUNTS

1 Basis of preparation

The consolidated accounts of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated accounts have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets and liabilities at fair value through profit or loss which are carried at fair value.

2 Adopting new and revised HKFRS

Effect of adopting new/revised HKFRS

During the year, the Group adopted the following new standard, amendment and interpretation to existing standard of HKFRS that are effective in current year and relevant to the Group's operations:

HKAS 1 (Amendment)	Presentation to Financial Statements: Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

The adoption of these new/revised standard, amendment and interpretation to existing standards of HKFRS required new disclosures but had no material financial impact to the Group.

The following new interpretations to existing standards of HKFRS are effective in the current year but are not relevant to the Group's operations:

HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions

The following new standards, amendments and interpretations to existing standards of HKFRS have been issued but are not effective in current year and have not been early adopted:

HKAS 1 (Revised)	Presentation of Financial Statements (effective for accounting periods commencing on or after 1 January 2009)
HKAS 23 (Amendment)	Borrowing Costs (effective for accounting periods commencing on or after 1 July 2009)
HKAS 27 (Revised)	Consolidated and Separate Financial Statements (effective for accounting periods commencing on or after 1 July 2009)
HKAS 31 and HKAS 1 (Amendment)	Puttable Financial Instrument and Obligations Arising on Liquidation (effective from 1 January 2009)
HKFRS 2 (Amendment)	Share-based Payment Vesting Conditions and Cancellations (effective for accounting periods commencing on or after 1 January 2009)
HKFRS 3 (Revised)	Business Combinations (effective for accounting periods on or after 1 July 2009)
HKFRS 8	Operating Segments (effective for accounting periods commencing on or after 1 July 2009)
HK(IFRIC)-Int 12	Service Concession Arrangements (effective for accounting periods commencing on or after 1 July 2008)
HK(IFRIC)-Int 13	Customer Loyalty Programmes (effective for accounting periods commencing on or after 1 July 2008)
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for accounting periods commencing on or after 1 July 2008)

The Directors anticipate that the adoption of these new standards, amendments to standards and interpretations in future periods will have no material financial impact to the Group.

3 Turnover and segment information

Turnover represents gross invoiced sales, net of discounts and returns. Revenue recognised during the year is as follows:

	2008	2007
	HK$'000	*HK$'000*
Sale of goods	**9,742,125**	4,236,829
IT services	**2,608,397**	–
	12,350,522	4,236,829

(a) Primary reporting format – business segments

The main business segments of the Group are the following:

Segments	**Principal activities**
Enterprise systems	Provider of enterprise system tools (middleware, operating systems, Unix/NT servers, databases, storage and security products) for IT infrastructure.
IT services	IT infrastructure design and implementation, training, maintenance and support services.
Distribution	Distribution of IT products (desktop PCs, notebooks, handhelds, printers, hard disk, memory device, etc) for the commercial and consumer markets.

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

	Enterprise systems	**IT services**	**Distribution**	**Unallocated**	**Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total segment revenue	2,519,627	88,770	9,742,125	–	12,350,522
Segment results	55,330	4,714	302,069	12,430	374,543
Finance costs	–	–	–	(44,587)	(44,587)
Share of loss of an associated company	–	–	(693)	–	(693)
Profit before taxation					329,263
Income tax expense					(69,710)
Profit for the year					259,553

Other segment items included in the consolidated profit and loss account are as follows:

	Year ended 31 March 2008				
	Enterprise systems	**IT services**	**Distribution**	**Unallocated**	**Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Depreciation	2,717	94	5,377	–	8,188
Inventory provision	–	–	3,241	–	3,241

The segment assets and liabilities at 31 March 2008 and capital expenditure for the year then ended are as follows:

	Business segment				
	Enterprise systems	IT services	Distribution	Unallocated	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets	1,291,752	48,955	2,922,282	795,072	5,058,061
Associated company	–	–	–	37,608	37,608
Total assets	1,291,752	48,955	2,922,282	832,680	5,095,669
Liabilities	534,492	20,834	1,274,697	2,076,072	3,906,095
Capital expenditure	2,233	105	4,844	–	7,182

Segment assets consist primarily of property, plant and equipment, inventories and trade and other receivables. Unallocated assets comprise goodwill, interests in an associated company, deferred tax assets, available-for-sale financial assets, cash and cash equivalents, other receivables and prepayment.

Segment liabilities comprise operating liabilities. Unallocated liabilities comprise items such as taxation payable, deferred tax liabilities, other financial liabilities at fair value through profit or loss and borrowings.

Capital expenditure comprises additions to property, plant and equipment.

During the year ended 31 March 2007, the Group is operating in a single business segment which is distribution of IT products. No business segment information is presented.

(b) Secondary reporting format – geographical segments

The Group's three business segments operate in two main geographical areas: North Asia and South East Asia.

	2008
	HK$'000
Revenue	
North Asia	**9,145,061**
South East Asia	**3,205,461**
	12,350,522

Revenue is allocated based on the country in which the customer is located.

	2008
	HK$'000
Total assets	
North Asia	**2,518,945**
South East Asia	**1,744,044**
	4,262,989
Associated company	**37,608**
Unallocated assets	**795,072**
	5,095,669

Total assets are allocated based on where the assets are located.

	2008 *HK$'000*
Capital expenditure	
North Asia	**3,160**
South East Asia	**4,022**
	7,182

Capital expenditure is allocated based on where the assets are located.

During the year ended 31 March 2007, the Group's turnover and contribution to operation results were substantially derived from the distribution of IT products carried out in Hong Kong.

4 Other gains, net

	2008 *HK$'000*	2007 *HK$'000*
Interest income	**5,573**	4,895
Dividend income from available-for-sale financial assets	**2,967**	–
Gain/(loss) on disposal of available-for-sale financial assets	**5,305**	(2,000)
Loss on disposal of property, plant and equipment	**(85)**	(317)
Net fair value gain of other financial liabilities at fair value through profit or loss	**4,158**	–
Other service fee income	**2,756**	–
Net exchange gain	**2,350**	–
Others	**4,513**	–
	27,537	2,578

5 Operating profit

Operating profit is stated after crediting and charging the following:

	2008 *HK$'000*	2007 *HK$'000*
Crediting		
Rebates and discounts from suppliers	**726,009**	460,446
Charging		
Cost of inventories	**12,416,657**	4,448,924
Staff costs, including directors' emoluments		
– Salaries, allowance and welfare	**177,162**	20,860
– Provident fund contributions	**5,587**	766
Operating lease rentals in respect of premises and warehouse	**18,985**	3,811
Net exchange loss	**–**	1,221
Bad debt written off	**13,354**	1,206
Auditor's remuneration	**7,596**	1,128
Depreciation of property, plant and equipment	**8,188**	1,123
Provision for inventory	**3,241**	685
Impairment of trade receivables	**13,945**	–

6 Finance costs

	2008	2007
	HK$'000	*HK$'000*
Interest expense on:		
– Bank overdrafts and import loans	**5,034**	2,620
– Unsecured bank borrowings	**22,842**	–
– Secured bank borrowing	**16,700**	–
– Convertible bonds	**–**	2,636
– Finance lease liabilities	**11**	–
	44,587	5,256

7 Taxation

The amount of taxation charged to the consolidated profit and loss account represents:

	2008	2007
	HK$'000	*HK$'000*
Current taxation		
– Hong Kong profits tax	**42,515**	34,741
– Overseas taxation	**30,882**	92
Over-provision of Hong Kong profits tax in prior years	**(650)**	(535)
Over-provision of overseas taxation in prior years	**(1,738)**	–
Deferred taxation	**(1,299)**	(37)
	69,710	34,261

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

Taxation on overseas profits has been calculated on the estimated assessable profit for the year at rates of taxation prevailing in the countries in which the Group operates.

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2008	2007
	HK$'000	*HK$'000*
Profit before taxation	**329,263**	195,594
Calculated at a taxation rate of 17.5% (2007: 17.5%)	**57,621**	34,229
Effect of different tax rates in different tax jurisdictions	**8,266**	70
Income not subject to taxation	**(976)**	(918)
Expenses not deductible for taxation purposes	**1,526**	1,323
Over-provision in prior years	**(2,388)**	(535)
Utilisation of previously unrecongised tax losses	**5,563**	–
Others	**98**	92
Taxation charge	**69,710**	34,261

8 Dividends

	2008	2007
	HK$'000	*HK$'000*
Interim, paid, of Nil (2007: HK3.2 cents) per ordinary share	**–**	29,813
Final, proposed, of Nil (2007: HK4.6 cents) per ordinary share	**–**	42,857
	–	72,670

The Directors do not recommend the payment of a dividend for the year ended 31 March 2008.

9 Earnings per share

Basic

The calculation of basic earnings per share is based on the profit attributable to equity holders of HK$244,743,000 (2007: HK$161,333,000) and the weighted average of 1,020,335,000 shares (2007: 892,740,000 shares) in issue during the year.

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares.

	2008	2007
	HK$'000	*HK$'000*
Profit attributable to equity holders of the Company	**244,743**	161,333
Interest expense on convertible bonds (net of tax)	**–**	2,175
Profit used to determine diluted earnings per share	**244,743**	163,508
Weighted average number of ordinary shares in issue (thousands)	**1,020,335**	892,740
Adjustment for assumed conversion of convertible bonds (thousands)	**–**	38,927
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**1,020,335**	931,667
Diluted earnings per share (HK cents per share)	**23.99**	17.55

During the year ended 31 March 2007, the Company had one category of dilutive potential ordinary shares which was convertible bonds. The convertible bonds were assumed to have been converted into ordinary shares, and the net profit was adjusted to eliminate the interest expense less the tax effect.

Up to 21 December 2006, all the convertible bonds had been converted into new shares. Thereafter, the Company did not have dilutive potential ordinary shares.

10 Trade and other receivables

	2008 *HK$'000*	2007 *HK$'000*
Trade receivables	**2,601,826**	346,434
Less: provision for impairments of receivables	**(47,066)**	–
Trade receivables, net	**2,554,760**	346,434
Prepayments	**257,255**	589
Other receivables	**115,144**	3,031
	2,927,159	350,054

The Group grants a credit period to third party customers ranging from 7 to 60 days, which may be extended for selected customers depending on their trade volume and settlement history with the Group. The ageing analysis of gross trade receivables is as follows:

	2008 *HK$'000*	2007 *HK$'000*
0 – 30 days	**1,841,836**	345,209
31 – 60 days	**408,877**	25
61 – 90 days	**178,856**	–
Over 90 days	**172,257**	1,200
	2,601,826	346,434

11 Trade and other payables

	2008 *HK$'000*	2007 *HK$'000*
Trade payables	**1,543,032**	333,235
Other payable and accruals	**282,208**	3,691
	1,825,240	336,926

The ageing analysis of trade payables is as follows:

	2008 *HK$'000*	2007 *HK$'000*
0 – 60 days	**1,543,032**	333,235

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year under review (2007: HK4.6 cents).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Information technology ("IT") industry is one of the fastest growing industries with the largest economic size in the world. To achieve further development, the Group acquired ECS Holdings Limited ("ECS"), a leading distributor of IT products listed in the Singapore Exchange Securities Trading Limited (Stock Code: ECS), in last year. Soon after the above acquisition, the Group expanded its product lines and widened its market presence and distribution networks in Asia with offices in 32 cities among 6 countries, including China, Singapore, Indonesia, Malaysia, the Philippines and Thailand. The distribution channels of the Group have been strengthened and broadened with the most diversified product lines in Asia Pacific, which turned the Group into one of the strongest enterprises with great potential in the Asia Pacific region.

The Group's strong and sustainable growth is also initiated by our well-rounded operational model and industry-leading management expertise. By effectively managing our distribution network, we have maximized synergies between our distribution channels, achieving "win-win" in terms of raising the Group's profit margin as well as protecting the interest of distributors. Riding on the solid cooperative relationships with our suppliers and distributors, our Group has mastered market dominance position that effectively enhanced gross margin of our products and at the same time maintained lower than industry average inventory and accounts receivable turnover days, thus became the most outstanding comprehensive IT product supplier.

During the period under review, not only economies of scale and sharing of resources were realised after the acquisition, the management of ECS was also improved leveraging on the Group's expertise in the field, resulting in better synergies. The overall operation and logistics of ECS continued to make enhancement. According to the first quarter financial report of 2008 of ECS announced in early May, its net profit jumped 34.8%, a record high for first quarter results.

In the past few years, there has been intense competition in the global IT industry. Nevertheless, the Group managed to grow continuously ahead of the market. In order to gain market share and stay in the market forefront, the Group not only expanded its sales and distribution network and enriched its product portfolio, but also enhanced its distribution efficiency with improved after-sales services and other value-added services, so as to boost its market competitiveness. Therefore, the Group's market presence in China was significantly increased.

During the period under review, the Group's distribution strength and brand promotion were recognized by the world's leading Personal Computer ("PC") manufacturers. In August last year, the Group secured the authorized distributorship for IBM Thinkpad notebook series in the PRC from Lenovo Group Ltd., the largest PC manufacturer in the PRC. In addition, the Group has successfully obtained the authorized distributorship in the PRC from A-DATA Technology Co., which is Taiwan's largest and the world's second largest DRAM memory module provider. As a result of the Group's dedicated efforts, the Group has achieved another record high in turnover and net profit as stated in the consolidated profit and loss account session of this annual report.

Prospects

The IT sector has been one of the fastest growing industries with IT distribution plays the main role in the whole sector. The four largest IT distributors in the US are also among the top 500 enterprise in the world and are ranked between numbers 100 to 250 for years in the Fortune 500. Last year, the PRC surpassed Japan to become the second largest global IT consumer market and it will remain as one of the vital supply bases for the semiconductor and IT industry in the world. As the leading domestic comprehensive IT product supplier, the Group has enormous development potential.

Leveraging on its internationally reputable IT and digital media products manufacturers including HP, Apple, Microsoft, Seagate, Maxtor, Western Digital and AMD in the global IT and digital media market, the Group has positioned itself as the distributor of high-quality and reliable IT and digital media products and has earned considerable trust from its customers. Besides, the Group will continue to gauge the market demand and look for reputable IT and digital products to enrich its distribution portfolio. In order to ensure value-for-money, the Group will continually improve the before-sale, after-sale and technical support services to its customers.

The Group benefits from the growing IT industry. According to the forecast by IDC, sales volume of hard disks in the coming 5 years will exceed the total sales volume in the past 50 years. Hard disk is the crucial data storage component for the growing numbers of consumer digital products, therefore sales of hard disk is expected to grow rapidly. It is also expected that demand for hard disk will increase by 600 million every year by 2010, and in the next 10 years, rise in data storage will continue to drive demand for hard disk. Furthermore, a recent report published by IDC stated that total export of computers to Asia Pacific (excluding Japan) in the first three months of 2008 reached 17 million, which shows that the hot demand of IT industry will support the substantial growth of the Group.

In view of the Group's highly responsive and efficient management team together with its extensive distribution network, our suppliers will continue to rank the Group as one of the chosen authorized distributors for internationally reputable IT and digital media products. The Group will continue to identify opportunities to further expand its supplies and network in the region so as to reinforce its competitive edge in the marketplace and bring even more sales revenue and profits to the Group. Without losing focus, the Group will continue to make use of these competitive advantages and expand our core business of distributing computer, digital and multimedia products.

The Group's experienced management has persistently improved and streamlined the managing method to reach industry-leading standard. The management believes that China's IT and multimedia industry will remain as one of the fastest growing industries in the world and has great potential and opportunities. The Group will seize the opportunities of robust economy growth in the PRC and strengthen the operations in PRC market. In addition to the rapidly expansion of geographical coverage through acquisition, the Group will endeavor to enhance its value by various measures including effective cost control, risk management, acute responsiveness to market changes, strong capabilities in sales and marketing in order to stay ahead of the competition and achieve even more promising returns for its shareholders in the coming years.

FINANCIAL REVIEW

The Group's turnover for the year ended 31 March 2008 amounted to approximately HK$12,350,522,000 (2007: approximately HK$4,236,829,000), representing an increase of approximately 192% as compared with that of last year. Profit attributable to shareholders of the Company amounted to approximately HK$244,743,000 (2007: approximately HK$161,333,000), representing an increase of approximately 52% as compared with that of last year. The main reason for the increase in net profit was mainly due to the contribution from ECS and the marked increase in the sale of Western Digital and AMD products. The basic earnings per share for the year amounted to HK23.99 cents (2007: HK18.07 cents), while diluted earnings for share was approximately HK23.99 cents (2007: approximately HK17.55 cents).

The Group endeavoured to control its operating expenses and finance costs whilst increasing its interest income substantially through frequently placing surplus funds in short term deposits during the year under review. The continued improvement in the working capital management has resulted in less reliance on interest-bearing advances.

CORPORATE GOVERNANCE PRACTICES

Throughout the year ended 31 March 2008, the Company has complied with the code provisions in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), with deviations from one code provision as explained below.

Under the code provision A.2.1, the roles of Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing. The roles of the Chairman and the CEO of the Company are not separated and are performed by the same individual, Mr. Li Jialin. The Directors will meet regularly to consider major matters affecting the operations of the Company. The Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of Company and believe that this structure will enable the Group to make and implement decisions promptly and effectively.

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all Directors, all Directors confirmed that during the year under review, they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by the Directors adopted by the Company.

The Company wishes to highlight the importance of the Board in ensuring effective leadership and control of the Company and transparency and accountability of all operations.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

AUDIT COMMITTEE

The audit committee of the Company comprises four independent non-executive Directors (including one independent non-executive Director who possesses the appropriate professional qualifications or accounting or related financial management expertise).

The Company's annual results for the year ended 31 March 2008 have been reviewed by the audit committee.

ANNUAL GENERAL MEETING

The annual general meeting of the company will be held at Conrad Hong Kong, Level 7, Bowen Room, Pacific Place, 88 Queensway, Hong Kong on Tuesday, 19 August 2008 at 10:30 a.m.

By Order of the Board
Li Jialin
Chairman

Hong Kong, 7 July 2008

As at the date hereof, the Board comprises of Mr. Li Jialin, Mr. Tay Eng Hoe and Mr. William Choo as executive Directors, and Mr. Ni Zhenwei, Dr. Chan Po Fun Peter, Madam Hui Hiu Fai and Mr. Li Wei as independent non-executive Directors.

* *for identification purpose only*