VALUETRONICS HOLDINGS LIMITED

ANNUAL REPORT 2022

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CORPORATE PROFILE

Established in 1992 and headquartered in Hong Kong, Valuetronics was listed on the SGX Mainboard in 2007. Over the years, Valuetronics has grown into an integrated Electronics Manufacturing Services ("EMS") provider with principal business segments ranging from Consumer Electronics ("CE") Products to Industrial and Commercial Electronics ("ICE") Products, covering smart lighting products, printers, temperature sensing devices, communication products and automotive products.

Valuetronics, is part of an emerging breed of EMS providers with a multi-location manufacturing footprint in China and South East Asia, which also focuses on a proactive engagement with customers so as to understand market and industry trends and initiate product-oriented solutions to meet their ever- changing needs.

Our proactive customer engagement leverages on our Design and Development ("D&D") capabilities, which is supported by integrated manufacturing capabilities from plastic tool fabrication and injection moulding, to surface mount technology and full turnkey finished product assembly. As a one-stop manufacturing solution provider, this sets us apart from traditional EMS providers. Our capability in providing vertical integrated services under one roof gives our customers the advantage of a faster time-to-market, better quality control, and most importantly, a competitive total cost of ownership.

Our wide product manufacturing capability and range of customers from emerging enterprises to top global multinational corporations, is a testimony to the success in adopting this philosophy. It also highlights our ability to accommodate customers' requirements for various volume mix, complexity and industrial standards, while demonstrating our spectrum of competence. By constantly focusing on their objectives, priorities, and needs, we continue to develop long-term relationships with our global customers in the consumer, commercial, industrial and automotive industries.

Today, we are a premier design, manufacturing partner for the world's leading brands in various sectors, which span across a wide geographical region that covers America, Europe and the Asia Pacific. We support these clients' supply chain requirements and multi-location production strategy by leveraging on our manufacturing sites located in China and Vietnam. We currently have a 110,000 sqm China Campus located at Huizhou City, Guandong Province, PRC. We have completed the construction of our own 52,541 sqm Vietnam Campus, which is located in the industrial park at Binh Xuyen District, Vinh Phuc Province, Vietnam, and it has commenced mass production in the last quarter of financial year ended 31 March 2022.

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

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board, I am pleased to present the annual report of Valuetronics Holdings Limited ("Valuetronics" or the "Company" and collectively, with its subsidiaries, the "Group") for the financial year ended 31 March 2022 ("FY2022").

NAVIGATING THE 'NEW NORMAL'

As you are aware, the past few years have been extremely challenging for the Group. The US-China trade tensions which started in 2018 and remain unresolved has affected our customers who were suffering from tariffs imposed on goods exported from China. The situation was made worse by the advent of the global COVID-19 pandemic at the end of 2019, that not only claimed 6.3 million lives to date, but also caused massive disruptions to the global economy and supply chains. With higher vaccination rates worldwide, COVID-19 seems to be becoming endemic, but sudden spikes in several major cities are still occurring, and the resultant lockdowns are affecting business and cross border logistics.

Against this backdrop, the Group has maintained its disciplined business approach that focuses on fundamentals like expanding geographical footprint, capability development, value-added service, operational excellence, and financial prudence. With the COVID-19 pandemic, we also had to overcome daily obstacles that included government mandated restrictions and lockdowns, resulting in supply chain disruptions and increasing operating cost.

The macro environment became more complex with the global component shortage, which the COVID-19 pandemic exacerbated. In FY2022, the Group's operations, like many other electronics manufacturing service ("EMS") providers, were adversely affected by the global components shortage. The shortage of a wide range of electronics components resulted in extreme price surges, prolonged order lead times, frequent delivery delinquency and consequential productivity losses. Additionally, the ongoing COVID-19 pandemic and resultant lockdowns in major cities further disrupted the capacity and logistics of the electronic component industry, which worsened the situation.

Faced with these external macro factors, the Group proactively implemented various mitigation measures. These include identifying alternative parts, re-engineering products to lower cost, and leveraging the Group's supply chain knowledge to identify new sources of supply. However, despite all these efforts, we expect the global components shortage, together with the cost pressures resulting from inflation, to continue to affect our gross profit margin until the global components market returns to normal. While uncertainty and unpredictability are now part of operating in the 'new normal', I am confident in our management team's ability to navigate our way forward through this challenging time.

STRATEGIC CASH RESERVES

To weather these difficult times, the Group has had to leverage on our strategic cash reserves. Our cash reserves facilitated our aggressive expansion into Vietnam. Otherwise, it would not have been possible to have a Vietnam campus up and operational in just 2 years from November 2019 when we acquired the land use right in Thang Long Industrial Park. Even as the infrastructure of the Vietnam campus is fully completed, we will need to deploy cash to acquire production equipment as we progressively ramp up operations in accordance with customers' demands. On top of that, the global components shortage has naturally affected the working capital requirements of EMS players like us, we have deployed our cash reserves to manage components shortage situations when we had to negotiate to buy from the spot market or alternative vendors that do not offer standard credit terms. Yet despite having negative free cash flow and high capital expenditure for the Vietnam campus during the year, our cash reserves could be used as a buffer to deliver dividends under our consistent formal dividend policy of paying out at least 30% to 50% of net profit for dividends. To further preserve shareholder value, the Group instituted a HK$250 million share buyback program on 28 February 2022. Lastly, as previously mentioned, the cash reserves can also be used to fund future greenfield expansions or M&A activities as part of our strategic plan, as and when these opportunities occur.

VIETNAM EXPANSION

Our strategic plan to develop multi-regional footprint was timely, as customers increasingly had to diversify their supply chains out of China and adopt a multi-site strategy to mitigate Sino-US trade tensions and escalating geopolitical risk. Our aggressive expansion into Vietnam as the Group's secondary production base has progressed very well in the midst of the ongoing COVID-19 pandemic.

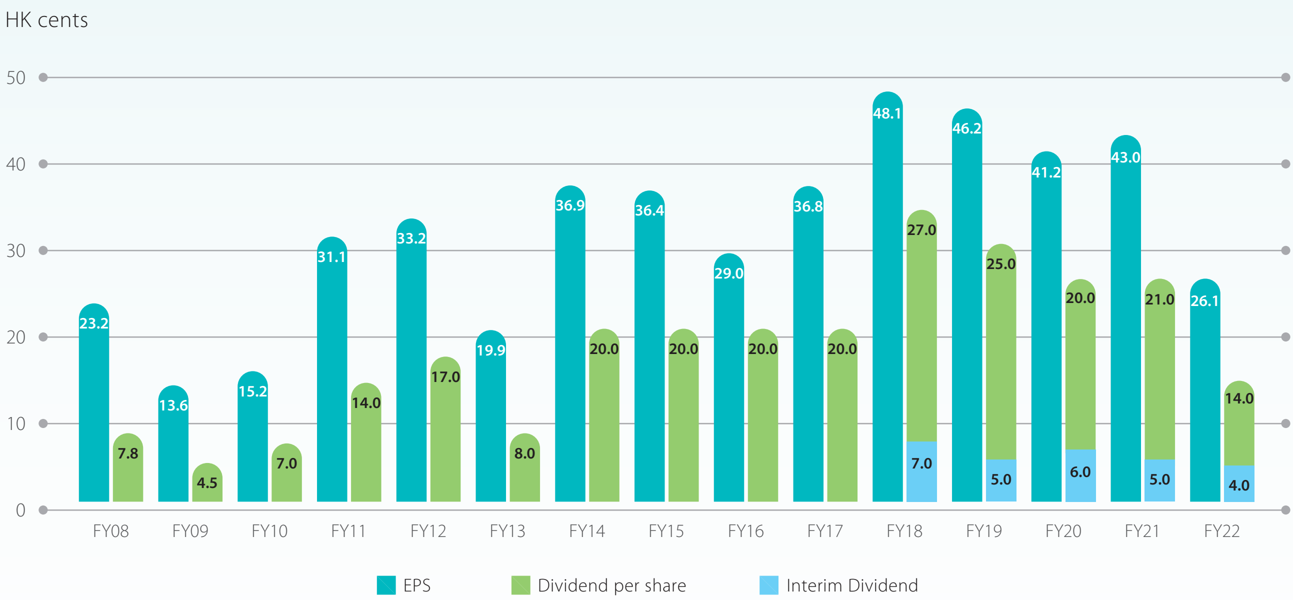
Our newly constructed Vietnam campus on a 52,541 sqm site in an industrial park in Vinh Phuc Province will double the Group's overall capacity in terms of production floor space as compared to the China campus. The Vietnam campus has commenced mass production for three customers in the last quarter of FY2022, following the successful completion of ISO and customer audits. These mass production projects will serve as a reference for other customers on the readiness and scalability of the Vietnam campus. As part of the Group's regional manufacturing footprint strategy, the Vietnam Campus will allow us to explore new opportunities in targeting the diversified needs of global customers.

FY2022 FINANCIAL PERFORMANCE

In FY2022, severe shortage of certain key electronic components affected our ability to meet orders, leading to a decline in revenue and a corresponding decrease in profit. The Group's revenue decreased by 11.1% to HK$2,027.4 million in FY2022 from HK$2,281.5 million in the financial year ended 31 March 2021 ("FY2021"). Correspondingly, gross profit decreased by 28.8% to HK$274.8 million from HK$386.2 million in FY2021. The Group's gross profit margin also decreased from 16.9% to 13.6%, due to higher component prices as a result of tight supply, coupled with China's increased labour and operating costs, under an appreciating Renminbi.

CHAIRMAN'S STATEMENT

EARNINGS PER SHARE (EPS) AND DIVIDENDS PER SHARE



The Group's CE segment's revenue rose by 3.8% to HK$706.9 million in FY2022 from HK$680.7 million in FY2021 mainly due to a rebound of orders from smart lighting customers. The Group's ICE revenue on the other hand, decreased by 17.5% to HK$1,320.5 million in FY2022 from HK$1,600.8 million in FY2021 due to the significant drop in sales as the Group's auto customer switched production from the Group's factory over to another vendor in North America. Furthermore, the shortage of key electronic components also affected the Group's order fulfilment for certain ICE customers.

As a result, the Group's FY2022 net profit decreased by 39.3% to HK$113.5 million from HK$187.1 million in FY2021. This translates into earnings per share of approximately HK 26.1 cents for FY2022 as compared to HK 43.0 cents for FY2021.

As at 31 March 2022, the Group continues to maintain its resilient financial position with a net asset value per share (excluding treasury shares) of HK$3.20, net current assets of HK$962.1 million, total assets of HK$2,095.7 million and shareholders' equity of HK$1,368.6 million. Furthermore, the Group continues to have no bank borrowings and is supported by its strong operating cash flows, with cash and cash equivalents of HK$936.7 million as at 31 March 2022.

DIVIDEND

After taking into account the Company's FY2022 results performance, cash flow and the challenging business environment, the Board consistently follows the Group's formal dividend policy in recommending a Final Dividend of HK 10 cents per share for FY2022, which will be subject to the approval of shareholders at the upcoming Annual General Meeting. Together with the Interim Dividend of HK 4 cents per share paid out in December 2021, the aggregate dividend for FY2022 amounts to HK 14 cents per share, representing approximately 53.4% of earnings. This largely in line with the Group's formal dividend policy of declaring 30%-50% of net profit as normal dividends.

OUTLOOK

The Group continued its business development efforts during COVID-19 pandemic even while being hampered with travel difficulties. The Group is now preparing for the trial production for its newly acquired customers in ICE segment, including a hardware provider customer for retail chain stores, and a customer providing cooling solutions for high performance computing environments. These customers are expected to contribute to revenue in the financial year ending 31 March 2023 ("FY2023"). Meanwhile, the revenue rebound in the CE segment that was seen in FY2022, is not likely to continue due to lower customer forecasts and the components shortage problem.

The recent lockdowns in major Chinese cities have also impacted global supply chains, increasing the backlog of critical components supply and affecting cross border logistics. The ripple effect of the supply chain bottlenecks could last beyond 2022. With components shortage, COVID-19 pandemic, US-China trade tensions, and the Russia-Ukraine conflict causing further geo-political tensions, the Group anticipates potential headwinds ahead.

While the components shortage and supply chain problem could last beyond 2022, barring unforeseen circumstances, the Group is cautiously optimistic to remain profitable for FY2023, given our track record and strong fundamentals, which is supported by our strong balance sheet. We will continue our prudent and calibrated approach, by adopting various measures to mitigate the challenging operating environment and continuing to invest in our capabilities and operational excellence initiatives for the longer term.

IN APPRECIATION

I would like to thank my fellow directors for their counsel in helping Valuetronics navigate the 'new normal', and our management and staff for their demonstrable ability to take on every challenge as it comes. I would like to also show my appreciation to our customers for their speedy qualification of our Vietnam campus, and to our business partners who worked closely with us to resolve the supply chain problems brought on by external factors. In closing, I would also like to thank our shareholders and other stakeholders for their trust in us as we work hard to steer Valuetronics through this volatile macro environment and emerge as a bigger, better and stronger EMS provider.

TSE CHONG HING
Chairman and Managing Director

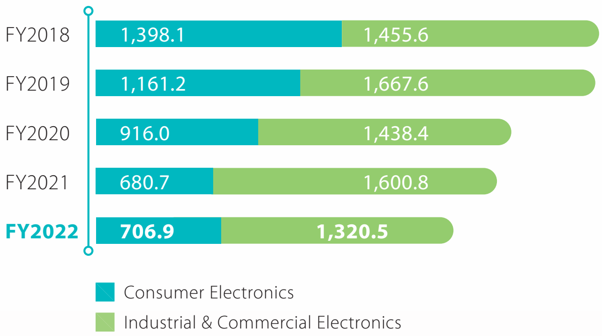
FINANCIAL HIGHLIGHTS

5 YEARS SUMMARY

31 March		2018	2019	2020	2021	2022
RESULTS (HK$ MILLION)						
Revenue	Consumer Electronics	1,398.1	1,161.2	916.0	680.7	**706.9**
	Industrial & Commercial Electronics	1,455.6	1,667.6	1,438.4	1,600.8	**1,320.5**
	Total	2,853.7	2,828.8	2,354.4	2,281.5	**2,027.4**
Gross profit		414.6	430.3	362.8	386.2	**274.8**
Profit before tax		229.7	224.1	196.2	208.7	**125.7**
Profit attributable to owners of the Company		204.7	199.5	178.9	187.1	**113.5**
ASSETS & LIABILITIES (HK$ MILLION)						
Total assets		1,968.8	2,013.4	2,013.5	2,241.6	**2,095.7**
Total liabilities		906.8	854.1	781.9	894.5	**727.1**
Total equity		1,062.0	1,159.3	1,231.6	1,347.1	**1,368.6**
Net cash(1)		671.1	930.4	1,053.1	1,129.4	**936.7**
PER SHARE DATA (HK CENTS)						
Earnings per share – basic		48.1	46.2	41.2	43.0	**26.1**
Dividend per share		27.0(2)	25.0(3)	20.0(4)	21.0(5)	**14.0**(6)
Net asset value per share(7)		247.5	267.5	283.1	309.2	**316.9**
KEY RATIOS (%)						
Gross profit margin		14.5%	15.2%	15.4%	16.9%	**13.6%**
Net profit margin(8)		7.2%	7.1%	7.6%	8.2%	**5.6%**
Return on assets		10.4%	9.9%	8.9%	8.3%	**5.4%**
Return on equity		19.3%	17.2%	14.5%	13.9%	**8.3%**
Dividend payout ratio		56.6%	54.4%	48.5%	48.9%	**53.4%**

(1) Net cash is calculated by cash and bank deposits minus bank borrowings and overdrafts
(2) Included interim dividend of HK 7 cents and special dividend of HK 5 cents
(3) Included interim dividend of HK 5 cents and special dividend of HK 5 cents
(4) Included interim dividend of HK 6 cents
(5) Included interim dividend of HK 5 cents
(6) Included interim dividend of HK 4 cents
(7) Based on issued share capital excluding treasury shares at the end of the year
(8) Net profit margin is calculated by profit attributable to owners of the Company to revenue

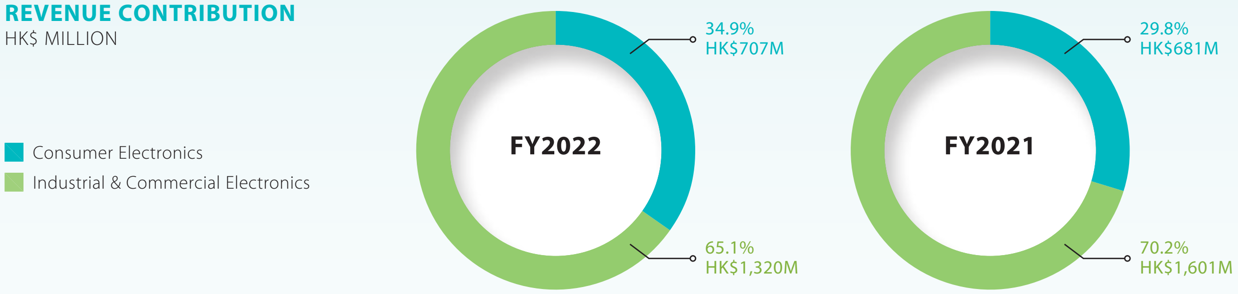
REVENUE
HK$ MILLION



PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY
HK$ MILLION

FINANCIAL REVIEW

REVENUE CONTRIBUTION
HK$ MILLION



REVENUE
As highlighted in the Group's FY2021 annual report and FY2022 interim announcement, severe shortages of certain key electronic components have affected the Group's ability to meet orders, and this led to a decline in revenue and corresponding decrease in profit in FY2022.

The Group's revenue decreased by 11.1% to HK$2,027.4 million in FY2022 from HK$2,281.5 million in FY2021. Industrial and Commercial Electronics ("ICE") segment recorded a 17.5% decrease in revenue from HK$1,600.8 million in FY2021 to HK$1,320.5 million in FY2022; while Consumer Electronics ("CE") segment recorded a revenue increase of 3.8% to HK$706.9 million in FY2022 from HK$680.7 million in FY2021.

Significant drop in ICE revenue was largely due to the Group's auto customer switching over the production from Group's factory to another vendor in North America. In addition, the components shortage also affected order fulfilment for certain ICE customers. The revenue decline in ICE segment partially offset by the increase in CE revenue, which was mainly due to a rebound of orders from the smart lighting customers.

GROSS PROFIT AND GROSS PROFIT MARGIN
The Group's gross profit for FY2022 decreased by 28.8% to HK$274.8 million (FY2021: HK$386.2 million), with the gross profit margin decreased to 13.6% (FY2021: 16.9%). The gross profit margin was eroded by higher component prices due to tight supply and increased labour and operating cost in China under the Renminbi's appreciation.

OTHER INCOME AND GAINS, NET
The Group's other income decreased by 20.0% to HK$14.7 million (FY2021: HK$18.4 million), and was mainly due to the decrease in interest income under the low interest rate environment.

SELLING AND DISTRIBUTION EXPENSES
The Group's selling and distribution expenses decreased by 32.4% to HK$21.6 million (FY2021: HK$32.0 million), which was mainly due to a decrease in commission expenses as the result of the decline in revenue.

ADMINISTRATIVE EXPENSES
The Group's administrative expenses decreased by 13.3% to HK$141.6 million (FY2021: HK$163.3 million), which was mainly due to more stringent cost control measures put in place by management and a decrease in staff costs.

PROFIT FOR THE YEAR
As a result of the above, the Group's profit for the year decreased by 39.3% to HK$113.5 million (FY2021: HK$187.1 million).

DIVIDEND
A final dividend of HK10.0 cents per share is proposed for FY2022. Together with the Interim Dividend of HK4.0 cents per share paid in December 2021, aggregate dividend for FY2022 is HK14.0 cents per share (FY2021: HK21.0 cents per share).

FINANCIAL POSITION AND CASH FLOWS
As at 31 March 2022, the Group had net current assets of HK$962.1 million (31 March 2021: HK$975.3 million), total assets of HK$2,095.7 million (31 March 2021: HK$2,241.6 million) and shareholders' funds of HK$1,368.6 million (31 March 2021: HK$1,347.1 million).

The Group's trade receivables decreased by HK$59.8 million to HK$430.7 million as at 31 March 2022 (31 March 2021: HK$490.5 million), while trade payables decreased by HK$102.5 million to HK$262.7 million (31 March 2021: HK$365.2 million). The Group's inventories increased by HK$59.4 million to HK$273.5 million as at 31 March 2022 (31 March 2021: HK$214.1 million).

The working capital of the Group as at 31 March 2022, which is the sum of trade receivables and inventories less trade payables, was HK$441.5 million (31 March 2021: HK$339.4 million). The increase in working capital was partially attributed to the component shortage situation, as the Group needed to procure certain components from spot buy dealers on a cash basis or under a shorter credit term as compared to the usual procurement from standard vendors. The components shortage also led to reduced flexibility throughout the supply chain and a longer inventory turnover period. The decrease in trade receivables, was due to decline in revenue.

As at 31 March 2022, the Group had cash and cash equivalents of HK$936.7 million (31 March 2021: HK$1,129.4 million). Over 97% of the Group's cash and cash equivalents are placed in reputable financial institutions in Hong Kong and Singapore. The remaining balance of the cash and cash equivalents, mainly in the PRC and Vietnam, were placed in equivalent reputable financial institutions. The cash and cash equivalents are annually audited by the Group's auditors.

The Group had no bank borrowings as at 31 March 2022 (31 March 2021: Nil).

OPERATIONS REVIEW

In the financial year ended 31 March 2022 ("FY2022"), the Group's operations were adversely affected by the global components shortage, like many other electronics manufacturing service providers. This supply problem for a wide range of electronics components resulted in extreme price surges, prolonged order lead times, frequent delivery delinquent and consequential productivity losses. Furthermore, the ongoing COVID-19 pandemic and lockdowns in major cities further disrupted the capacity and logistics of the electronic component industry, which worsened the situation.

SEGMENTAL REVIEW

As previously highlighted, severe shortages of certain key electronic components have affected the Group's ability to meet orders, leading to a decline in revenue and corresponding decrease in profit.

In FY2022, the Consumer Electronics ("CE") segment saw a slight increase by 3.8% to HK$706.9 million mainly due to a rebound of orders from smart lighting customers. The Industrial and Commercial Electronics ("ICE") segment's revenue decreased by 17.5% to HK$1,320.5 million in FY2022. This significant drop in sales was caused by the auto customer's production switch-over from the Group's factory to another vendor in North America, and the components shortage also affected order fulfilment for certain ICE customers.

EXTENSION OF MANUFACTURING EXECUTION SYSTEM ("MES")

For the year under review, the Group's replicated the set-up of MES at its new Vietnam campus to ensure that it can also achieve an optimal performance similar to the China campus as its capacity steadily ramps up.

At the China campus, the use of MES was expanded to include system verification of the correct use of jigs and fixtures, equipment parameters, and work instructions. This helps to eliminate manual verifications and to ensure precision during manufacturing line start-ups or changeovers. MES was also used in Engineering Changes Notice ("ECN") management, with engineering changes implemented together with the corresponding change in the Bill of Materials ("BOM") or Bill of Process ("BOP"). MES will compare work orders with any BOM and BOP revisions before authorising the production build to ensure timely and accurate implementation of ECN and reduce potential errors.

The Group has extended the use of Smart Storage Management ("SSM") modules in MES on top of the casing production, now covering material kiting to surface mount technology ("SMT") operations. With SSM, each material part has a unique identity ("UID") that is linked to the material rack location ID. MES easily identifies the UID of specific parts in the work orders to be picked from material racks. As such, material picking and distribution from the warehouse to the SMT and Casing production floor can now be completed with ease and precision, drastically reducing the time for searching for parts or the error of picking wrong parts material preparation.

CONTINUOUS PROCESS IMPROVEMENT

The Group continuously focuses on manufacturing process improvements to maintain its competitive edge. Lean manufacturing today is now an entrenched philosophy and practice in the Company, and we have Kaizen or continuous improvement projects across all manufacturing sections, where we adopt different degrees of automation to deliver better productivity and efficiency outcomes.

OPERATIONS REVIEW

The Group has deployed more semi-automated work cells which were developed in-house together with in-house fabricated equipment and automation modules such as robotics arms and visual systems built on a customised process that facilities a quick fixture changeover for mixed models of the same products.

VIETNAM EXPANSION

The Group embarked on a strategic move to expand its manufacturing operations to Vietnam to offer an additional manufacturing option to cater to the diversification needs of existing customers and the production requirements of new customers. The Vietnam campus' infrastructure and internal renovation were completed in July 2021, with equipment installation, production line setups, pre-production builds as well as customer qualifications all completed by the end of 2021. The Vietnam factory also obtained its ISO9000 certification at the end of 2021 and ISO14000 certification in March 2022. Three customers' products were successfully approved and launched into mass production in the last quarter of FY2022. These mass production projects will serve as a reference for other customers on the readiness and scalability of the Vietnam campus.

The Group's Vietnam campus will mirror its China campus with one-stop manufacturing solutions that including SMT, Chip-on-Board ("COB"), wave soldering, plastic injection molding and its secondary operations, as well as box build assembly.

OUTLOOK

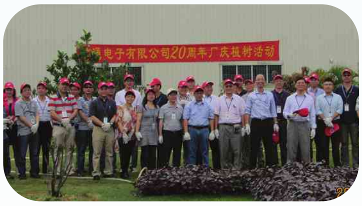
While external macro factors like the global components shortage and ongoing COVID-19 pandemic have affected the Group's performance, the Group has proactively implemented various mitigation measures. These measures include identifying alternative parts, re-engineering products to lower cost, and leveraging the Group's supply chain knowledge to identify new sources of supply. However, despite all these efforts, the Group expects the component shortage, together with cost pressures resulting from inflation to continue to affect its gross profit margin until the global components market returns to normal.

The Group is also preparing for the trial production for newly acquired customers in its ICE segment. These new customers include a hardware provider customer for retail chain stores, and a customer providing cooling solutions for high performance computing environments, which is expected to contribute revenue in the financial year ending 31 March 2023 ("FY2023"). Meanwhile, the revenue rebound in the CE segment that was seen in FY2022, is not expected to continue due to lower customer forecasts and the components shortage problem.

The recent lockdowns in major cities of China due to COVID-19 outbreaks are also affecting global supply chains, increasing the backlog of critical components supply and affecting cross border logistics. The ripple effect of these supply chain bottlenecks could last beyond 2022. With component shortages, the COVID-19 pandemic, Russia-Ukraine conflict, and US-China trade tensions, the Group anticipates potential headwinds ahead.

Barring unforeseen circumstances, the Company is cautiously optimistic to remain profitable for FY2023, given its track record and strong fundamentals in terms of capability that is supported by a strong balance sheet.

KEY MILESTONES



2021
- Completed construction of Vietnam Campus

2020
- Expanding into the second facility in Vietnam

2019
- Established manufacturing footprint in Vietnam

2017
- Received a 2016 Above & Beyond – Pinnacle Award for Supplier Excellence from Delphi

2015
- Accredited with TS16949 quality management system and acquired first customer in the automative industry

2014
- Adoption of formal dividend policy

2013
- Completed more than 40 in-house Process Automation Projects

2012
- Celebration of 20th anniversary
- Revenue crossed HK$2 billion mark

2011
- Branded electric fans and heaters shipped to US market

2010
- Branded air purifiers shipped to US market
- Implemented Lean Manufacturing Programme to improve production and process automation

2009
- Completed relocation of back office functions including general management, computer and engineering centres to Daya Bay Facility
- Acquired In Vitro Diagnostic ("IVD") medical equipment co-developer and manufacturer and completed pilot shipment of IVD equipment

2008
- Completed construction of the Phase 1 of Daya Bay Facility and commenced systematic project transfers of major customers to the facility

2007
- Listed on SGX-Mainboard
- Commenced construction for the 35,000 sqm production area of Phase 1 of Daya Bay Facility

2003
- Adoption of work cell management and updated to ISO9001:2000

2002
- Use of ROHS equipment and accredited with TL9000

1992
- Incorporated and headquartered in Hong Kong with manufacturing facilities established under the Processing Arrangement in Guangdong Province, PRC

BOARD OF DIRECTORS

MR TSE CHONG HING
Chairman and Managing Director

Tse Chong Hing is the Chairman and Managing Director of our Company. He joined the Group in November 1996 as the Assistant to the then Managing Director. He is responsible for strategic planning and the general management of our Group. Mr Tse has over 30 years of experience in finance and operations management in the electronics manufacturing industry. He is a Fellow of the Hong Kong Institute of Certified Public Accountants. He holds a Diploma in Business Studies from the Hang Seng School of Commerce and a Postgraduate Diploma in Management Studies from the Hong Kong Polytechnic.

MR CHOW KOK KIT
Executive Director

Chow Kok Kit is one of the founders of the Group and an Executive Director of our Company. He is responsible for the design and development ("D&D") as well as purchasing functions of our Group. Mr Chow has over 30 years of experience in the electronics manufacturing industry. He specialises in the D&D of telecommunication and computer products, and holds an Associateship in Mechanical Engineering and a Higher Certificate in Mechanical Engineering from the Hong Kong Polytechnic.

BOARD OF DIRECTORS

MR ONG TIEW SIAM
Lead Independent Director

Ong Tiew Siam has more than 40 years of experience in finance, accounting and administration in various industries. He is a fellow member of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors. He also sits on the board of another company listed on the SGX-ST. Mr Ong holds a Bachelor of Commerce (Accountancy) (Honours) degree from the former Nanyang University.

MS TAN SIOK CHIN
Independent Director

Tan Siok Chin was appointed to the Board in July 2014 as a Non-Executive Director and was redesignated as an Independent Non-Executive Director in August 2017. Ms Tan practises as an advocate and solicitor in ACIES Law Corporation, a firm of advocates and solicitors, as its Director of corporate and commercial practice group. She focuses on a wide range of Singapore and cross-border transactional and advisory transactions involving private and public M&A, IPO, capital markets and securities, and private equity investments. With over 28 years of experience in legal practice, Ms Tan brings with her extensive experience in the legal industry. She has also sat on a number of boards of listed issuers as an independent director since 2006. Ms Tan graduated from the National University of Singapore with a Bachelor of Law (Honours) degree and is admitted to the Singapore Bar.

MR LOO CHENG GUAN
Independent Director

Loo Cheng Guan is executive director of King Tower Asset Management (Singapore) Pte Ltd and sits on HKSE-listed China First Capital Group Limited as independent non-executive director. In addition, he is a non-executive director of several private companies, including Vermilion Gate Pte Limited, Amalgam Capital Partners Pte Limited, Brash Asia Pte Limited and New Energy Capital Asia Pte Limited. Having more than 25 years of experience in corporate finance, private equity and business management, Mr Loo has spent a significant portion of his career advising on growth strategies, mergers and acquisitions, as well as private market investments. He holds a Bachelor of Economics (Honours) degree and MBA from Monash University in Melbourne.

KEY MANAGEMENT

MR HUNG KAI WING
Director, Honor Tone Limited (Retired on 19 April 2021)

Hung Kai Wing is a Director of our Group's principal operating subsidiary, Honor Tone Limited and he joined our Group in March 2000. He is responsible for overseeing the EMS Division. Mr Hung has over 40 years of experience in the electronics manufacturing industry. He holds a Diploma in Small Company Management from the Chinese University of Hong Kong, a Certificate in Operations Planning and Control from the University of Hong Kong, a Certificate in Design of Productive Systems from the University of Hong Kong and a Higher Certificate in Production Engineering from the Hong Kong Polytechnic.

MR WONG HING KWAI
Director, Honor Tone Limited

Wong Hing Kwai is a Director of our Group's principal operating subsidiary, Honor Tone Limited. He is responsible for the overall management of Plastics Division. Mr Wong has over 40 years of experience in plastic injection moulding and holds a Bachelor of Engineering degree from Shanghai Jiao Tong University, PRC.

MR HUANG JIAN YUAN
Vice President, Operations

Huang Jian Yuan joined our Group in September 2007 as Operations Manager and promoted to Vice President, Operations in April 2012. He now oversees the PRC factory operations in our Group. His areas of responsibilities include SMT Manufacturing, Production Management, Manufacturing Engineering, Production Control, Warehouse/Logistics, Operation Excellence and Quality Management.

Mr Huang has more than 25 years of experience in program and operation management with various EMS companies. Prior to joining the Group, he was the director of business units with Beyonics, operations general manager with RTI Tech in Singapore and plant manager with Flextronics China. He holds a Bachelor of Engineering degree from National University of Singapore and a Graduate Diploma in Business Administration with Singapore Institute of Management.

KEY MANAGEMENT

MR LOIC MESTON

Vice President, Business Development

Loic Meston is our Group's Vice President of Business Development. He joined our Group in October 2003 and is based in USA. He is responsible for our Group's business development activities and also provides customer support to our customers located in USA and Europe. He is also responsible for providing our D&D team with market analysis on product trends and regulatory requirements.

Mr Meston has over 30 years of experience in sales, marketing and product development. He holds a degree in engineering from Centrale School of Marseille, France, and a Master of Business Administration degree from the University of Rochester, USA.

MR JOSEPH LUI KA HO

Chief Financial Officer

Joseph Lui is our Group's Chief Financial Officer. He joined our Group as Financial Controller in October 2012 and was promoted to Group Financial Controller in November 2013. Since then, Mr Lui has been overseeing the Group's finance and accounting functions, including treasury, tax planning, enterprise risk management, investor relations, internal and external reporting matters of the Group. Mr Lui was promoted to Chief Financial Officer in June 2017.

Prior to joining the Group, Mr Lui was a Senior Audit Manager with PricewaterhouseCoopers from 2003 to 2012 where he first served the Hong Kong office before being seconded to the Beijing office. During his service in PricewaterhouseCoopers, he was involved in a number of successful initial public offerings and overseas mergers and acquisition projects. Mr Lui is fellow member of CPA Australia and member of the Hong Kong Institute of Certified Public Accountants. He graduated with a Bachelor degree in Commerce from Monash University in Australia.

CORPORATE GOVERNANCE REPORT

Valuetronics Holdings Limited (the "Company") and its subsidiaries (together, "the Group") are committed to setting and maintaining high standards of corporate governance within the Group so as to preserve and enhance the interests of all shareholders. The Board and Management firmly believe that good corporate governance is key to the integrity of the Group and fundamental to the long-term sustainability of the Group's business and performance.

This Corporate Governance Report (the "Report") describes the Company's corporate governance practices with specific reference to each of the principles and provisions set out in the Code of Corporate Governance 2018 (the "2018 Code").

The Board confirms that, as at the date of this Report, the Company has adhered to and complied with the principles and provisions set out in the 2018 Code, other than deviations in respect of the following, appropriate explanations for which have been provided in this Report:

(i) Provisions 3.1 and 3.2
(ii) Provisions 8.1 and 8.2
(iii) Provision 11.4

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs
The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company and the Group. In addition to its statutory duties and responsibilities, the Board also performs the following key functions *(Provision 1.1 of 2018 Code)*:

(a) Provide entrepreneurial leadership, set strategic objectives and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;

(b) Review business plans and approve key strategic and operational matters, financial and funding decisions;

(c) Review and monitor financial performance;

(d) Oversee processes for evaluating the adequacy and effectiveness of internal controls (including financial, operational, compliance and information technology controls) and risk management systems annually;

(e) Set appropriate tone-from-the-top and desired organisational culture, and ensure proper accountability within the Company;

(f) Set the Company's values and standards (including ethical standards);

(g) Work with Management for the long-term success of the Company, review Management's performance and hold Management accountable for performance; and

(h) Assume responsibility for corporate governance and sustainability issues.

The Board objectively discharges its duties and responsibilities at all times as fiduciaries in the best interests of the Company *(Provision 1.1 of 2018 Code)*.

In a conflict of interest situation, a Director recuses/abstains himself/herself from discussions and decisions involving the matter/issue of conflict *(Provision 1.1 of 2018 Code)*.

The approval of the Board is required for any matter which is likely to have a material impact on the Group's operating divisions and/or financial positions.

The Group has in place internal guidelines on matters that require Board approval, including the appointment of Directors, major funding and investment proposals, and material capital expenditures and disposal of assets, corporate or financial restructuring, share issuance and buy-back, dividends and corporate strategies. These have been clearly communicated to Management in writing *(Provision 1.3 of 2018 Code)*.

The Board is supported by a number of committees who assist in the discharge of its responsibilities and to enhance the Group's corporate governance framework. These committees comprise the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"), which have been delegated with specific authority and function and would submit their recommendations or decisions to the Board *(Provision 1.4 of 2018 Code)*. Each Board Committee functions within its own defined terms of reference and procedures. Board Committees are chaired by Independent Non-Executive Directors.

The Board conducts regular scheduled meetings on a quarterly basis to keep the Board updated on the Group's financial position, business activities and the overall business environment in which the Group operates and to review half-year and full-year results announcements. Regular meetings are scheduled in advance to facilitate the attendance of all Directors. Ad-hoc meetings are held as and when required to address significant issues that may arise.

The Company's Bye-Laws provide for meetings to be held via telephone, electronic or other communication facilities which permit all persons participating in the meeting to communicate with each other simultaneously. When a physical meeting is not possible, timely communication with the Directors is achieved through electronic means and the Board/Board Committees' approval is sought for important and critical matters concerning the Company via circulation of written resolutions.

The number of Board and Board Committee meetings held during the financial year and the attendance of the Directors at such meetings are set out below *(Provision 1.5 of 2018 Code)*:

Meeting of	**Board**	**AC**	**NC**	**RC**
No. of meetings held in FY2022	5	4	2	4
Executive Directors				
Tse Chong Hing	5	*4	*1	*1
Chow Kok Kit	4	*4	*1	*1
Independent Non-Executive Directors				
Ong Tiew Siam	5	4	2	4
Loo Cheng Guan	5	4	2	4
Tan Siok Chin	5	4	2	4

* Executive Directors are invited to attend Board Committee meetings.

The Company has an induction program for newly appointed Directors to familiarize themselves with the Group's business, operations, relevant rules, regulation and governance practices as well as their duties and obligations as directors *(Provisions 1.2 and 4.5 of 2018 Code)*. Site visits to the Group's manufacturing facilities are conducted to brief new Directors on the Group's operations and business *(Provision 1.2 of 2018 Code)*.

Newly appointed Directors who do not have prior experience as a director of a company listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") are also required to attend relevant training courses organized by the Singapore Institute of Directors ("SID") *(Provision 1.2 of 2018 Code)*.

There was no appointment of new Director during the financial year.

Annual site visits to the Group's manufacturing facilities ("Site Visits") are conducted to provide Directors with updates and understanding of the Group's business operations. During such visits, Directors interact with Key Management Personnel who brief the Directors on the Group's facilities, development, products and business operations *(Provision 1.2 of 2018 Code)*. However, due to the Covid-19 pandemic and travel restrictions during the financial year, Site Visits were not feasible and not conducted. Site Visits will resume in the future, when the situation stabilizes and borders are opened.

The Board recognizes the importance of ongoing director education and to facilitate this process, all Directors are encouraged to keep updated on developments relevant to the Company's business and, changes in laws and regulations. All Directors are encouraged to attend relevant courses, seminars and/or talks organized by regulatory bodies and professional institutions, such as the Accounting and Corporate Regulatory Authority of Singapore ("ACRA"), SID, the Singapore Stock Exchange ("SGX") and public accounting firms, at the Company's expense *(Provision 1.2 of 2018 Code)*.

The Company Secretary provides the Board with updates on changes to Listing Rules, Corporate Governance and other regulatory requirements, on a regular basis *(Provision 1.2 of 2018 Code)*.

During the year, training courses attended by Directors were *(Provision 1.2 of 2018 Code)* –

Director	Training Course/Seminar	Conducted/Organized By
Ms Tan Siok Chin	Directors' Responsibilities and Climate Change under Singapore Law	The Law Society Singapore
	SGX Regulatory Symposium 2021 – Market Needs a Changing Landscape	SGX
Mr Loo Cheng Guan	CPD-certified Climate Disclosure Training Programme (TCFD 101 Training Workshop – Getting started with climate-related financial reporting) (TCFD 102 Training Workshop – Building experience in climate-related financial reporting)	SGX, Sustainable Stock Exchange Initiatives, International Finance Corporation, Climate Disclosure Standards Board
	Corporate Governance Conference 2021 Sustainability Governance – The Next Step of Corporate Governance Framework	Singapore Investors Association
Mr Tse Chong Hing	Using a Science-based Approach to Reduce your Company's Emissions and Improve Customer Loyalty	SGX
	CPD-certified Climate Disclosure Training Programme (TCFD 101 Training Workshop – Getting started with climate-related financial reporting) (TCFD 102 Training Workshop – Building experience in climate-related financial reporting)	SGX, Sustainable Stock Exchange Initiatives, International Finance Corporation, Climate Disclosure Standards Board

The Company does not issue formal letters to Directors setting out their duties and obligations, upon appointment, as Directors having consented to act, are bound by legislative and regulatory requirements.

Management provides the Board with complete and adequate information on a timely basis to enable Board members to make informed decisions and discharge their duties and responsibilities. Such information includes, amongst others *(Provision 1.6 of 2018 Code)* -

- documents on matters to be discussed at Board meetings, which are circulated to Board members in advance; and

- financial statements, management reports and relevant forecast and analysis of the Group's results on a quarterly basis and/or as and when required,

to enable the Board to make informed assessment of the Group's performance, financial position and prospects. The Managing Director also provides updates on the Group's business, prospects and other developments impacting the Group, at scheduled meetings and, whenever circumstances warrant. The aforesaid reports/updates enable the Board to be kept abreast of key issues and developments, as well as opportunities and challenges, within the Group and the industry *(Provision 1.6 of 2018 Code)*.

In accordance with SGX-ST's requirements, the Board issued negative assurance statement in its announcement of financial results for the six months ended 30 September 2021 ("1HFY2022"), confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect. The negative assurance statement was backed by written representation of the Managing Director and Chief Financial Officer.

All Directors have separate and independent access to the Group's senior management and the Company Secretary. Whenever necessary, Directors and/or, the Board may at the Company's expense seek independent professional advice in furtherance of their duties *(Provision 1.7 of 2018 Code)*.

The Company Secretaries provide secretarial support to the Board and ensure adherence to Board procedures and compliance with relevant rules and regulations, applicable to the Company. The Company Secretary attends all Board and Board Committee meetings. The appointment and removal of the Company Secretary is a decision of the Board as a whole *(Provision 1.7 of 2018 Code)*.

Principle 2: Board Composition and Guidance
The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The Board currently comprises 2 Executive Directors and 3 Independent Non-Executive Directors ("INEDs"). Accordingly, a majority of the Board is made up of INEDs, including 1 female Director *(Provisions 2.2 and 2.3 of 2018 Code)*.

Executive Directors

Mr Tse Chong Hing – Chairman & Managing Director
Mr Chow Kok Kit – Executive Director

Independent Non-Executive Directors

Mr Ong Tiew Siam – Lead Independent Director & Chairman of Audit Committee
Ms Tan Siok Chin – Chairman of Remuneration Committee
Mr Loo Cheng Guan – Chairman of Nominating Committee

The NC and Board consider the current structure, size and composition of the Board and Board Committees are appropriate for the Group's present scope and nature of operations, which facilitate effective decision making and that no individual dominates the Board's decision-making process. The NC and Board also consider the current mix and composition of the Board reflects the Company's commitment to Board diversity. The Company has 1 female member (representing 20%) and 3 INEDs (representing 60%) on the Board of 5 members. The Board has the appropriate level of independence and comprises Directors with different backgrounds, experience and qualifications/specialization. The Directors as a group possesses the appropriate balance and diversity of skills, experience, knowledge and gender to provide the Company with the requisite core competencies in areas such as accounting, business, management, financial, legal and industry knowledge, allow for diverse and objective perspectives on the Group's business direction and growth as well as help to avoid group think and foster constructive debate (*Provision 2.4 of 2018 Code*). Management will continue to benefit from the Directors' respective expertise and diverse backgrounds.

The Company recognizes the benefits of having a diverse Board and has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The NC is responsible to review and monitor its implementation and will recommend appropriate changes to the Board for consideration and approval *(Provision 2.4 of 2018 Code)*.

Pursuant to the Board Diversity Policy, the NC reviews annually the appropriateness of the current Board size and composition, taking into consideration, *inter alia*, the needs of the Company and the environment in which it operates, the collective skills and competencies of the Board, gender, service tenure spread of the Directors, the need for progressive renewal of the Board and changes (if any) in the regulatory environment. When the need arises, the NC will make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that there is an appropriate composition of members of the Board with suitably diverse backgrounds to meet the Group's operational and business requirements. The Company remains committed to implementing the Board Diversity Policy and any further progress made towards implementation of the policy will be disclosed in future Annual Reports.

As part of the Board renewal process, an additional INED will be appointed to the Board in the financial year ending 31 March 2023 ("FY2023"). The NC will review and submit its recommendation to the Board for consideration and approval. The Company will release necessary announcement(s) in relation thereto via SGXNet, in due course.

In compliance with the 2018 Code, INEDs form a majority of the Board *(Provisions 2.2 and 2.3 of 2018 Code)*. The independence of Directors is reviewed by the NC on an annual basis. The NC noted that Ms Tan Siok Chin (INED) and her spouse are directors and shareholders of ACIES Law Corporation, which provides legal services to the Company on a retainer basis as well as, legal services (outside the scope of the retainer) to the Company from time to time. Based on its assessment and declaration by Ms Tan, the NC has determined that Ms Tan is independent notwithstanding the existence of such relationship, taking into account Ms Tan's actual performance and contributions to the Company and at Board and Board Committees meetings, and the findings of peer evaluation of Board members carried out for FY2022. Ms Tan has at all times discharged her duties with professionalism and objectivity, acted with independence of mind, consistently exercised independent judgement in the best interests of the Company and recusing herself in situations when her independence may be compromised. The Board concurred with the NC's views and determined that Ms Tan is independent notwithstanding the existence of the relationship disclosed herein *(Provision 4.4 of 2018 Code)*.

The NC has also assessed and determined that, other than the relationship as disclosed above, none of the INEDs has any relationship (whether familial, business, financial, employment, or otherwise) with the Company, its related corporations, its substantial shareholders, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company. The INEDs are independent in conduct, character and judgement *(Provisions 2.1 and 4.4 of 2018 Code)*.

In addition, the NC is tasked on annual basis, to assess the independence of any Director who has served on the Board beyond 9 years, to particular rigorous review. To facilitate Board renewal, the NC has determined that the length of office of an INED should not exceed 9 years. None of the INEDs have served on the Board for more than 9 years from the date of his/her first appointment.

INEDs contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. They are encouraged to constructively challenge and help develop proposals on strategy. Their views and opinions provide alternative perspectives to the Group's business. When challenging proposals or decisions, they individually bring independent judgment to bear on business activities and transactions involving conflicts of interest and other complexities.

The INEDs communicate amongst themselves both formally at scheduled meetings without the presence of Management and, informally via email or telephone on matters concerning the Company *(Provision 2.5 of 2018 Code)*.

Principle 3: Chairman and Chief Executive Officer
There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Company has not adopted a dual leadership structure whereby there is a separate Chief Executive Officer and Chairman of the Board. The duties of the Chairman of the Board and the Managing Director of the Company are both assumed by Mr Tse Chong Hing. The Board, with the concurrence of the NC, is of the view that vesting the roles of Chairman of the Board and the Managing Director in the same person, who is knowledgeable in the business of the Group, provides strong and consistent leadership, facilitates effective planning and execution of long-term business strategies and ensures that the decision-making process of the Group would not be unnecessarily hindered. The Chairman is deeply involved in both management and operations of the Company and thoroughly understands the Group's business. The Board is of the opinion that the Chairman with his background, knowledge, experience and contributions to the Group will facilitate efficient decision-making process and bring greater value to the Group.

Taking into account the current corporate structure, size, nature and scope of the Group's operations, the Board is of the view that notwithstanding that the Chairman and Managing Director is the same person, there are sufficient safeguards and checks, which include the following, to ensure the independent exercise of objective judgement on affairs and operations of the Group:

(i) The Board is comprised of a majority of INEDs.

(ii) As disclosed in this Report, the Company has appointed Mr Ong Tiew Siam as the Lead Independent Director to provide leadership in any situation where the Chairman is conflicted and to address shareholders' concerns on issues that cannot be appropriately or adequately dealt with by the Chairman and Managing Director or the Chief Financial Officer.

(iii) All the Board Committees are chaired by INEDs and all the Board Committees' members are INEDs.

(iv) The performance of the Chairman is reviewed by the NC, through the conduct of peer evaluation by Board members. The remuneration package of the Chairman is reviewed by the RC.

(v) Major decisions which have a material impact on the Group's business are made collectively by the Board.

As hereinbefore disclosed, the Board conducts regular scheduled meetings on a quarterly basis to keep the Board updated on the Group's financial position, business activities and the overall business environment in which the Group operates and to review half-year and full-year results announcements. Ad-hoc meetings are held as and when required to address significant issues that may arise. When a physical meeting is not possible, timely communication with the Directors is achieved through electronic means and the Board/Board Committees' approval is sought for important and critical matters concerning the Company via circulation of written resolutions.

(vi) INEDs contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. They are encouraged to constructively challenge and help develop proposals on strategy. Their views and opinions provide alternative perspectives to the Group's business. When challenging proposals or decisions, they individually bring independent judgment to bear on business activities and transactions involving conflicts of interest and other complexities. The INEDs communicate amongst themselves both formally at scheduled meetings without the presence of Management and, informally via email or telephone on matters concerning the Company.

The Board applies the principle of clear division of responsibilities at the top of the Company. The workings of the Board and the executive responsibility of the Company's business are separated to ensure a balance of power and authority and that no one individual Director has unfettered powers of decision-making. The Board believes that there are sufficient strong and independent elements and adequate safeguards in place against an uneven concentration of power and authority in a single individual.

The Chairman *(Provision 3.2 of 2018 Code)* –

- leads the Board to ensure its effectiveness on all aspects of its role;
- sets the agenda and ensures that Directors receive complete, adequate and timely information;
- ensures that adequate time is available for discussion of all agenda items, in particular strategic issues;
- promotes a culture of openness and debate at the Board;
- ensures effective communication with shareholders;
- encourages constructive relations within the Board and between the Board and Management;
- facilitates the effective contribution of Non-Executive Directors in particular; and
- promotes high standards of corporate governance.

As Managing Director, Mr Tse Chong Hing is responsible for strategic planning and the general management of the Group. Mr Tse oversees the business direction and operations, leads the management team and facilitates effective planning and execution of long-term business strategies *(Provision 3.2 of 2018 Code)*.

Mr Ong Tiew Siam has been appointed Lead Independent Director ("LID") to provide leadership in any situation where the Chairman is conflicted and to address shareholders' concerns on issues that cannot be appropriately or adequately dealt with by the Chairman and Managing Director or the Chief Financial Officer *(Provision 3.3 of 2018 Code)*. When necessary, he facilitates meetings or discussions with the other INEDs on board matters and provides his feedback to the Chairman after such meetings *(Provision 2.5 of 2018 Code)*.

His other specific roles as LID are as follows:

(a) acts as liaison between the INEDs and the Chairman and Managing Director and lead the INEDs to provide non-executive perspectives in circumstances where it would be inappropriate for the Chairman to serve in such capacity and to contribute a balanced viewpoint to the Board;

(b) advises the Chairman of the Board as to the quality, quantity and timeliness of the information submitted by Management that is necessary or appropriate for the INEDs to effectively and responsibly perform their duties; and

(c) assists the Board and Company officers in ensuring compliance with and implementation of corporate governance practices.

Principle 4: Board Membership
The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The NC is regulated by a set of written terms of reference and comprises 3 Directors, all of whom are independent. The NC is chaired by an INED, Mr Loo Cheng Guan and its members comprise Ms Tan Siok Chin and Mr Ong Tiew Siam (who is the LID) *(Provisions 1.4 and 4.2 of 2018 Code)*.

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

The key responsibilities of the NC are as follows *(Provisions 1.4 and 4.1 of 2018 Code)*:

(a) to review the structure, size, composition, diversity and skills of the Board;
(b) to determine and assess the independence of Directors;
(c) to make recommendations to the Board on all board appointments;
(d) to recommend the nomination of Directors retiring by rotation to be put forward for re-election;
(e) to review Board succession plans for Directors, in particular, the Chairman, the Executive Directors and Key Management Personnel;
(f) to review the training and professional development programs for the Board and its Directors;
(g) to develop a process for evaluation of the performance of the Board, its Board Committees and Directors;
(h) to assess the effectiveness of the Board as a whole and its Board Committees and the contribution of the Chairman and of each individual Director to the effectiveness of the Board; and
(i) to determine if a Director who has multiple board representations is able to carry out and/or has adequately carried out his/her duties as a Director of the Company.

New appointments to the Board are first considered and reviewed by the NC. Potential candidates are sourced through contacts or, recommendations from Directors. An external consultant may be engaged to source for qualified candidates, if required. Having due regard for the benefits of diversity on the Board, the NC evaluates the suitability of candidates taking into account various aspects, including but not limited to, his/her character, knowledge, skills, experience, gender, age and, his/her ability and willingness to commit time to the Company, before making recommendation to the Board for approval *(Provision 4.3 of 2018 Code)*.

The Bye-laws of the Company require all Directors to submit themselves for re-election at least once in every 3 years. In particular, one-third of the Directors shall retire annually by rotation at every Annual General Meeting ("AGM") and newly appointed Directors are required to submit themselves for re-election at the AGM next following their appointment.

The NC has adopted internal guidelines to address competing time commitments of Directors who serve on multiple boards and have other principal commitments. The Board has determined that a Director should serve on not more than 6 boards of listed companies. The NC has considered, and is of the opinion, that the limit of 6 listed company board representations held by the Directors of the Company would not be impede the time allocated in carrying out their duties/obligations to the Company. At present, no Director has reached the limit set by the Board.

For FY2022, the NC is satisfied that each Director had accorded sufficient time, attention and effort in fulfilling his/her duties, responsibilities and obligations as a Board member and was able to adequately carry out his/her duties as a Director of the Company *(Provisions 1.5 and 4.5 of 2018 Code)*. The Board concurred with the NC's views.

The Company's Bye-laws provide for the appointment of alternate directors. In line with the Practice Guidance accompanying the 2018 Code, the Company generally avoids the appointment of alternate directors and should any appointment be made, it will be due to exceptional circumstances and for limited periods only. No alternate director was appointed in FY2022.

The NC reviews independence of the Directors annually, and as and when circumstances require, having regard to the definition of independence/circumstances as stated in the 2018 Code and accompanying Practice Guidance and Listing Manual of the SGX-ST *(Provisions 2.1 and 4.4 of 2018 Code)*. In its annual review for FY2022, the NC has determined Mr Ong Tiew Siam, Mr Loo Cheng Guan and Ms Tan Siok Chin to be independent, which was concurred by the Board.

Each member of the NC and of the Board had abstained from deliberation in respect of assessment of his/her own independence.

Key information of Directors as at 17 June 2022 is set out below *(Provision 4.5 of 2018 Code)*:

Name	Date of First Appointment	Date of Last Re-election	Directorships or Chairmanships in Other Listed Companies		Other Principal Commitments
			Present	Past (Preceding 5 Years)	
Tse Chong Hing	25 Aug 2006	22 Jul 2019	Chairman & Managing Director of Valuetronics Holdings Limited	Nil	–
Chow Kok Kit	25 Aug 2006	14 Aug 2020	Executive Director of Valuetronics Holdings Limited	Nil	–
Tan Siok Chin	22 Jul 2014	14 Aug 2020	Non-Executive Director of Cosmosteel Holdings Limited	Independent Chairman of Design Studio Group Limited	Director of ACIES Law Corporation
Ong Tiew Siam	22 Jul 2014	26 Jul 2021	Independent Director of CSC Holdings Limited	Independent Director of: Tat Hong Holdings Limited Design Studio Group Limited	–
Loo Cheng Guan	24 Jul 2015	22 Jul 2019	Independent Director of China First Capital Group Ltd	Datapulse Technology Ltd Mirach Energy Limited (delisted from SGX-ST on 30 September 2021)	–

The profiles of Board members are set out on pages 9 and 10 of the Annual Report.

Principle 5: Board Performance *(including Provisions 5.1 and 5.2 of 2018 Code)*
The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The NC has in place a performance evaluation process where the effectiveness of the Board as a whole, and of each Board Committees separately, and the contribution by each individual Director (including the Chairman) to the Board are assessed. This annual evaluation exercise provides an opportunity to obtain constructive feedback from each Director or committee member on whether the Board or Board Committee's procedures and processes enabled Directors to discharge their duties effectively and to propose changes which may be made to enhance Board/Board Committee effectiveness as a whole.

Board performance evaluation for FY2022 was conducted by having all Directors complete a questionnaire covering the following areas/performance criteria -

- Board structure
- Strategy and performance
- Governance – Board Risk Management & Internal Controls
- Board Function – Information to the Board, Board Procedures, CEO/Top Management and Standards of Conduct.

In evaluating its performance, the Board also took into account the attendance, contribution and participation of each Director at Board Meetings.

Separate assessments of performance of Board Committees were carried by the AC, RC and NC for FY2022 by having all the Board Committee members complete a separate questionnaire in respect of each Board Committee. The performance criteria include, amongst others -

- The respective Board Committees' structure, size and expertise
- Accountability and performance
- Board Committee Function – Information to the Board Committees, processes, relationship with or reporting to the Board and Standards of Conduct
- Attendance, contribution and participation of each member at Board Committee meetings
- Communications with shareholders.

Peer evaluation of Board members, including the Chairman, was also conducted in FY2022. For this evaluation, each Board member completes a questionnaire in respect of every other Board member as well as the Chairman. The questionnaire required the evaluator to rate the Director he/she is evaluating based on his/her duties as Director, leadership and communication skills, strategy and risk management capabilities, knowledge and interaction with fellow Directors, Management team, Company Secretary, Auditors and other professionals who render services to the Company.

For each of the performance evaluations of the Board, Board Committees and Directors, a summary of findings is prepared by the Company Secretary based on the completed questionnaires and is reviewed and deliberated by the NC before submitting to the Board. The Chairman of the NC confers with the Chairman of the Board on the findings and appropriate follow-up actions are taken as necessary.

The NC, having reviewed the performance of the Board, Board Committees and individual Directors for FY2022, determined that the Directors have demonstrated commitment to their roles and contributed effectively to the discharge of their duties.

No external facilitator was engaged by the Board for the above evaluations.

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies
The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Principle 7: Level and Mix of Remuneration
The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The RC is chaired by Ms Tan Siok Chin and its members comprise Mr Loo Cheng Guan and Mr Ong Tiew Siam (*Provision 1.4 of 2018 Code*). All members of the RC are independent *(Provision 6.2 of 2018 Code)*.

The RC is governed by written Terms of Reference which include reviewing and recommending to the Board the following *(Provision 6.1 of 2018 Code)* –

(1) the framework of remuneration for the Board and Key Management Personnel;

(2) long-term incentives and performance-based incentives, including share option scheme and performance share plan;

(3) specific remuneration packages for each Director and Key Management Personnel;

(4) remuneration packages of employees related to Directors or controlling shareholders of the Company; and

(5) the Company's obligations arising in the event of termination of Executive Directors and Key Management Personnel's contracts of services, to ensure that such contracts are fair and reasonable and termination clauses are not overly generous.

The RC considers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, share-based incentives and awards and benefits-in-kind and termination terms to ensure they are fair *(Provision 6.3 of 2018 Code)*. In its review, the RC ensures that the remuneration of the Directors and Key Management Personnel commensurate with their performance and value-add to the Group, giving due regard to the sustainability of performance, value creation and strategic objectives of the Company and/or the Group *(Provision 7.1 of 2018 Code)*.

The RC may, during its review of remuneration of Directors and Key Management Personnel, seek advice from external remuneration consultants, as and when necessary. No external facilitator/consultant had been engaged by the Board to advise on remuneration matters in FY2022 *(Provision 6.4 of 2018 Code)*.

Executive Directors' remuneration packages are based on service agreements and the remuneration packages comprise a basic salary component and a variable component. The fixed component is in the form of a base salary and the variable component is based on set performance targets and weightage in respect of Group revenue, profitability, return on equity, total shareholders' return, new products launched, corporate governance and sustainability practices.

The remuneration packages of Key Management Personnel comprise a fixed component and a variable component. The fixed component is in the form of a base salary and the variable component includes performance-based cash incentive bonus and the share-based Valuetronics Employee Share Option Scheme with share options awarded based on a set of criteria.

The performance-related remuneration is to align Executive Directors and Key Management Personnel's interests with those of the shareholders and other stakeholders, for the long-term success of the Company, and link rewards to corporate and individual performance *(Provision 7.1 of 2018 Code)*.

In determining specific remuneration packages for each Executive Director and Key Management Personnel, the pay and employment conditions within the same industry and in comparable companies as well as the Company's performance and that of the individual are taken into account, so as to ensure the remuneration is appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and Key Management Personnel to successfully manage the Company for the long term *(Provision 7.3 of 2018 Code)*.

The RC reviewed the Company's obligations arising in the event of termination of the Executive Directors' and key management's service agreements, to ensure that such agreement contains fair and reasonable termination clauses which are not overly generous *(Provision 6.3 of 2018 Code)*. The Board is of the view that as the Group pays an annual incentive bonus based on the performance of the Group/Company (and not on possible future results) and with clear targets set for Executive Directors and key management, "claw back" provisions in the service contracts may not be relevant or, appropriate.

INEDs receive Directors' fees, which are subject to shareholders' approval at the AGM. INED's fees comprise a basic fee and, additional fees for serving on any of the Board Committees and attendance at ad-hoc meetings. The fees take into account their responsibilities, effort and time accorded in discharging their duties and, market practices *(Provision 7.2 of 2018 Code)*.

The fee structure for INEDs comprises the following components:

(1) A basic fee for each INED;

(2) A percentage of basic fee for each additional role on Board Committees; and

(3) Attendance fee for participation in additional/ad-hoc Board/Board Committees meetings.

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

INED fees proposed for FY2023 will be increased to up to S$350,000 (FY2022: S$250,000). This increase has taken into account (i) the appointment of an additional INED in FY2023 as part of the Board renewal process and (ii) additional fees (if any) which may be payable for unscheduled Board and Board Committee meetings.

Principle 8: Disclosure on Remuneration
The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

While the 2018 Code recommends that companies fully disclose the amount and breakdown of remuneration for each individual director and the CEO on a named basis, the Board is of the view that such disclosure is not in the interest of the Company considering confidentiality and sensitivity attached to remuneration matters given the highly competitive industry in which the Group operates.

The remuneration of Directors and top Key Management Personnel is, however, disclosed in the bands of S$250,000 with a breakdown showing the level and mix of remuneration in percentage terms *(Provision 8.1 of 2018 Code)*. The Board is of the view that the information disclosed in this Report, including the disclosure of remuneration in bands of S$250,000, is sufficient for shareholders to have adequate understanding of the Company's remuneration framework, policies and practice for Directors and Key Management Personnel, as well as the link between performance and remuneration. In addition, the fees for INEDs are put to shareholders for approval annually at the Company's AGM.

The Board is of the opinion that the practices the Company has adopted are consistent with the intent of Principle 8 of the 2018 Code as a balance is struck between the requirement for transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation, vis-à-vis the Group's need to maintain confidentiality of sensitive information.

A breakdown (in percentage terms) of Directors' remuneration and that of the Group's top 5 Key Management Personnel who are not Directors or, the Managing Director, for the financial year ended 31 March 2022, falling within broad bands, are set out below *(Provision 8.1 of 2018 Code)* –

(A) Directors' remuneration

Name	Salary (%)	Bonus (%)	Fee (%)	Benefits* (%)	Total (%)
Below S$250,000					
Ong Tiew Siam	–	–	100%	–	100%
Tan Siok Chin	–	–	100%	–	100%
Loo Cheng Guan	–	–	100%	–	100%
Between S$1,250,001 – S$1,500,000					
Chow Kok Kit	28%	72%	–	–	100%
Between S$2,000,001 – S$2,250,000					
Tse Chong Hing	25%	75%	–	–	100%

(B) Remuneration of top 5 Key Management Personnel (who are not Directors or, the Managing Director)

Name	Salary (%)	Bonus (%)	Benefits* (%)	Total (%)
Below S$250,000				
Cheng Lup Ming	69%	14%	17%	100%
Huang Jian Yuan	70%	15%	15%	100%
Between S$250,001 – S$500,000				
Lui Ka Ho Joseph	77%	7%	16%	100%
Between S$750,001 – S$1,000,000				
Wong Hing Kwai	13%	87%	–	100%
Between S$1,000,001 – S$1,250,000				
Loic Meston	31%	58%	11%	100%

* Share-based payments and post-employment benefits are included in the column "Benefits" above.

In FY2022, the annual aggregate remuneration paid to the top 5 Key Management Personnel (who are not Directors or, the Managing Director) was approximately S$2,695,000.

(C) Remuneration of employees who are substantial shareholders of the Company, or who are immediate family members of a Director, the Managing Director or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 during the year

Mr Tse Chong Hing (Chairman and Managing Director) and Mr Chow Kok Kit (Executive Director) are substantial shareholders of the Company.

Considering confidentiality and sensitivity attached to remuneration matters and based on the Board's views as disclosed above, the Company has not complied with Provision 8.2 of 2018 Code as to disclosure on remuneration of employees who are substantial shareholders of the Company and whose remuneration exceeds S$100,000 during the year (namely, Mr Tse Chong Hing and Mr Chow Kok Kit), in bands no wider than S$100,000. The remuneration paid to Mr Tse and Mr Chow (who are Directors and substantial shareholders of the Company) for the financial year ended 31 March 2022 are disclosed in the bands of S$250,000 with a breakdown (in percentage terms) showing the level and mix of remuneration, as set out in the above table relating to Directors' remuneration.

Save as disclosed above, there were no employees who were substantial shareholders, or who were immediate family members of any Director or, the Managing Director or, a substantial shareholder of the Company, in FY2022 *(Provision 8.2 of 2018 Code)*.

There were no termination, retirement or post-employment benefits granted to Directors.

The remuneration of the Company's Executive Directors and Key Management Personnel are borne by the Company's operating subsidiaries. Other than as disclosed herein, there were no remuneration and other payments and benefits paid by the Company's subsidiaries to Directors and Key Management Personnel of the Company *(Provision 8.3 of 2018 Code)*.

The Company currently has in place 2 share schemes in the form of the Valuetronics Share Option Scheme 2017 ("ESOS") and the Valuetronics Performance Share Plan 2017 ("PSP") for eligible employees, including Directors of the Company and the Group. Details of ESOS grants and PSP awards are disclosed in the Report of the Directors.

Details of the Company's ESOS and PSP are set out in pages 89 to 92 of the Annual Report *(Provision 8.3 of 2018 Code)*.

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls
The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Group has established a system of risk management and internal controls to address the financial, operational, compliance and information technology risks of the Group. Management regularly assesses and reviews the Group's business and operational environment to identify areas of significant business, operational and other risks, as well as appropriate measures to control and mitigate these risks.

The primary task of identifying business risks lies with Management, who recommends to the Board processes for the formulation of policies to mitigate such risks. The Risk Management process, which is approved by the Board, includes a combination of measures/controls to reduce or, mitigate the Group's exposure to risks and/or, possible losses. The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation *(Provision 9.1 of 2018 Code)*.

A Risk Management Committee ("RMC") was established in FY2013, to review the adequacy and effectiveness of risk management activities within the Group *(Provision 9.1 of 2018 Code)*. The Group has in place a risk management framework to enhance its risk management capabilities. The key risks facing the Group have been identified and action plans have been put in place to attempt to mitigate these risks. Risks have been identified at the process levels and controls have been put in place to mitigate these risks. Awareness and ownership of risks and controls by the relevant functions are continuously instilled.

Key management staff from the various business units are tasked to assess and manage the risks within the defined risk management framework.

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

The system of internal controls provides reasonable, but not absolute assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

However, the Board recognizes that no system of internal controls can provide absolute assurance against the occurrence of material financial misstatements or losses, poor judgment in decision-making, human errors, fraud or other irregularities.

The Board and AC will be responsible for (a) monitoring the Company's risk of becoming subject to, or violating, any sanctions-related law or regulation and (b) ensuring timely and accurate disclosures to SGX-ST and other relevant authorities. As at the date of this Report, the Company does not have existing business in a country which is subject to sanctions-related law or regulation, and has no exposure to sanctions-related risks.

For FY2022, the Board has received the following assurances *(Provision 9.2 of 2018 Code)* –

(a) Written confirmation from the Managing Director (equivalent to CEO) and Chief Financial Officer that the Company's financial records have been properly maintained and the financial statements for FY2022 give a true and fair view of the Company's operations and finances; and

(b) Written confirmation from the Managing Director (equivalent to CEO), Chief Financial Officer and relevant Key Management Personnel that the Company's risk management, compliance and internal controls (including financial, operational, compliance and information technology controls) systems are adequate and effective.

Based on the internal controls established and risk management framework maintained by the Group, work performed by the Internal Auditors and External Auditors, and the reviews performed by Management and the RMC for FY2022, the Board, with the concurrence of the AC, is satisfied that, as at the date of this Report, the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems are effective and adequate in its current business environment *(Provision 10.1(b) of 2018 Code)*. No material weaknesses of internal controls and risk management systems were identified in respect of FY2022.

Principle 10: Audit Committee
The Board has an Audit Committee which discharges its duties objectively.

The AC comprises 3 Directors, all whom are independent *(Provision 10.2 of 2018 Code)*. The Chairman of the AC is Mr Ong Tiew Siam and its members are Ms Tan Siok Chin and Mr Loo Cheng Guan *(Provision 1.4 of 2018 Code)*.

The Chairman and the members of the AC possess recent and relevant accounting or related financial management expertise or experience to discharge their responsibilities *(Provision 10.2 of 2018 Code)*.

No former partner or director of the External Auditors is a member of the AC *(Provision 10.3 of 2018 Code)*.

The AC is regulated by a set of written terms of reference, which clearly sets out its authority and duties *(Provision 1.4 of 2018 Code)*. The AC has explicit authority to investigate any matters within its terms of reference, full access to and the co-operation by Management, full discretion to invite any Director or Executive Officer to attend its meetings and has been given adequate resources to enable it to discharge its functions.

The key functions of the AC, amongst others, are *(Provision 10.1 of 2018 Code)* –

(a) To review with the External Auditors, the scope and results of the external audit, evaluation of the accounting controls, audit reports and any matters which the External Auditors wish to discuss;

(b) To review with the Internal Auditors, their audit plan and reports, the adequacy of the internal audit procedures and their evaluation of the effectiveness of the overall internal control system, including financial, operational and compliance controls and risk management system;

(c) To review the adequacy, effectiveness, independence, scope and results of the Company's internal audit function;

(d) To review significant financial reporting issues and judgements so as to ensure the integrity of financial statements of the Company and any announcements relating to the Company's financial performance;

(e) To review the quarterly and annual financial statements of the Company and the Group, including half-year and full-year results announcements to shareholders and the SGX-ST, prior to submission to the Board for approval;

(f) To review and to report to the Board at least annually the adequacy and effectiveness of the Group's internal controls, which address the Group's financial, operational, compliance and information technology risks and risk management systems, and any other matters requiring the Board's attention;

(g) To evaluate the Group's system of internal controls with the Internal Auditors and to assess the effectiveness and adequacy of internal accounting and financial control procedures;

(h) To review the assurance from the Managing Director (equivalent to CEO) and Chief Financial Officer on the financial records and financial statements;

(i) To review the Company's Whistle-Blowing Policy and to ensure that arrangements are in place for concerns about possible improprieties in financial reporting or other matters to be safely raised and independently investigated, and for appropriate follow-up action to be taken;

(j) To review Interested Person Transactions and to report its findings to the Board;

(k) To conduct annual reviews of the cost effectiveness of the external audit, the adequacy, effectiveness, independence and objectivity of the External Auditors, including the volume of non-audit services provided by the External Auditors, to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the External Auditors before confirming their re-nomination; and

(l) To make recommendations to the Board on the appointment, re-appointment and removal of the External Auditors and to approve their remunerations and terms of engagement.

During the financial year, the AC had reviewed –

- business and operational reports on a quarterly basis;
- half-year and full-year financial statements announcements prior to submission to the Board;
- the annual audit plan of the External Auditors and Internal Auditors and the results of the audits performed by them;
- the effectiveness and adequacy of the Group's internal controls and risk management systems;
- audit and non-audit services (if any) rendered by the External Auditors, their independence, re-appointment and remuneration; and
- transactions with interested persons and those not falling within the ambit of Chapter 9 of the Listing Manual of the SGX-ST.

The External Auditors provide the AC with regular updates on changes in accounting standards and issues which have a direct impact on financial statements.

The Company's External Auditors and Internal Auditors report their findings and recommendations to the AC independently. In FY2022, the AC met with the External Auditors and the Internal Auditors twice, to review the Group's accounting, auditing and financial reporting and internal control matters, so as to ensure that an effective system of control is maintained in the Group. The AC has also met with External Auditors and Internal Auditors without the presence of Management *(Provision 10.5 of 2018 Code)*.

Aggregate audit service fees paid to the Company's External Auditors, PricewaterhouseCoopers Hong Kong ("PwC Hong Kong") and member firms of PricewaterhouseCoopers for FY2022 amounted to HK$2.0 million for the Group. The Group did not engage PwC Hong Kong to provide non-audit services in FY2022.

As PwC Hong Kong is the sole auditor of the Company and its principal subsidiaries for audit in respect of FY2022, the Company has complied with Rule 712 and Rule 715 of the Listing Manual of the SGX-ST in relation to the appointment of audit firms.

On 12 February 2021, Rule 712 of the SGX-ST's Listing Manual was amended to require all SGX-ST primary-listed issuers to appoint an auditing firm which is approved under the Accountants Act 2004 of Singapore (the "Accountants Act"). As PwC Hong Kong is not an approved auditing firm under the Accountants Act, the Company intends to appoint PricewaterhouseCoopers LLP, Singapore ("PwC Singapore"), an auditing firm which is registered with ACRA and approved under the Accountants Act, as the External Auditors of the Company, in place of the retiring Auditors, PwC Hong Kong (the "Proposed Change of Auditors"), at the forthcoming AGM, to comply with the amended Rule 712 of the SGX-ST's Listing Manual.

In view of the above, PwC Hong Kong will not seek re-appointment as Auditors of the Company at the forthcoming AGM and will accordingly, retire from office as Auditors of the Company at the conclusion of the AGM, being the end of their current term.

In relation to the Proposed Change of Auditors, the AC has reviewed and deliberated on the suitability of PwC Singapore, evaluated the proposal received from PwC Singapore and taken into consideration the Audit Quality Indicators Framework issued by ACRA, the criteria for the evaluation and selection of external auditors contained in the Guidebook for Audit Committees in Singapore and the Audit Committee Guide issued by SID, as well as various other factors, including the adequacy of the resources, the audit engagements and the experience of the auditing firm and the audit engagement partner to be assigned to the audit, the audit approach, transition plan, the number and experience of the supervisory and professional staff who will be assigned to the audit of the consolidated accounts of the Company. The scope of audit services to be provided by PwC Singapore will be comparable to those provided by PwC Hong Kong.

After evaluation, the AC is satisfied that PwC Singapore will be able to meet the audit requirements of the Company and recommended to the Board the Proposed Change of Auditors.

The Board, having taken into account the AC's recommendation, and various factors, including, *inter alia*, the following:

- the adequacy of the resources and experience of PwC Singapore and the audit partner-in-charge assigned to the audit;
- PwC Singapore's other audit engagements;
- the size and complexity of the Group's operations;
- the number and experience of supervisory and professional staff to be assigned to the audit of the Group; and
- PwC Singapore's proposed audit arrangements for the Group,

is of the opinion that PwC Singapore will be able to meet the audit requirements of the Group and that Rule 712 of the SGX-ST's Listing Manual has been complied with.

The Board has accepted the AC's recommendation and would table the Proposed Change of Auditors for shareholders' approval at the Company's forthcoming AGM. In appointing PwC Singapore as the Company's External Auditors, the Company is or will be in compliance with Rule 712 and Rule 715 of the Listing Manual of the SGX-ST.

The Group's internal audit function is outsourced to an independent audit firm, RSM Consulting (Hong Kong) Limited ("IA"). The IA functions according to the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors and is adequately resourced to perform the internal audit effectively.

The IA has appropriate standing within the Company and has unrestricted access to all the Company's documents, records, properties, information and receives co-operation from the Board, the AC, Management and staff, as necessary, to effectively discharge its responsibilities *(Provision 10.4 of 2018 Code)*. The IA conducts independent reviews, assessment and follow-up audit procedures on the Group's financial, operational, compliance and information technology controls, and reports the remediation status to the AC. Reports of the IA are submitted to the AC for review, with copies of these reports extended to the members of the Board and the relevant senior management officers.

The IA had during the course of their audit performed tests over operating effectiveness of certain controls and made some observations on internal controls and proposed recommendations to assist Management in mitigating risks and improving operational efficiency and effectiveness in the areas reviewed. Action plans to address these observations have been put in place.

The AC assesses the adequacy, effectiveness and independence of the internal audit function annually. For FY2022, the AC is satisfied that the IA is independent, effective, has the necessary resources to adequately perform its functions and staffed by qualified and experienced personnel.

With the assistance of the IA, the Group has established a risk management framework to continuously monitor, manage and control risks. Management regularly reviews and updates key risks for the Group, and ensures that such risks remain relevant in the context of current economic and operating environment.

The AC is responsible for the appointment, removal, evaluation and compensation of the Internal Auditors (*Provision 10.4 of 2018 Code*).

WHISTLE-BLOWING POLICY

The Company has in place a Whistle-Blowing Policy whereby the staff of the Group and stakeholders can raise in good faith and in confidence, any concerns about malpractice or wrongdoing within the Group or possible improprieties relating to business activities, accounting, financial reporting, internal controls and other matters. Under these procedures, arrangements are in place for independent investigation of such matters raised and for appropriate follow up action.

The objectives of the Whistle-Blowing Policy are:

- To communicate the Company's expectation of employees of the Group in detecting fraudulent activities or malpractices;
- To guide employees on the course of action when addressing their concerns or suspicions of fraudulent activities or malpractices;
- To provide a process for investigations and management reporting; and
- To establish the policies for protecting whistle-blowers against reprisal by any person internal or external of the Group.

The AC is responsible for oversight and monitoring of whistleblowing and ensures that arrangements are in place for independent investigation of matters raised. The AC will review investigation reports on whistleblowing cases (if any) and decide/recommend follow-up or remedial actions to be taken, where appropriate, and report the same to the Board accordingly. The Company and/or AC may in its absolute discretion designate an independent function/party as it deems fit to investigate whistleblowing reports made in good faith.

The Company will exercise great care, sensitivity and timeliness whilst carrying out investigation of matters raised; and protect the identity of all whistle-blowers, except as necessary or appropriate to conduct the investigation and to take any remedial action and subject to legal or regulatory requirements. Investigation results are confidential and will not be disclosed or discussed with anyone other than those with a legitimate need to know. The Company will also protect a whistle-blower acting in good faith and who has not himself of herself engaged in serious misconduct or illegal conduct from any forms of harassment, retaliation, adverse employment or career advancement consequence or discrimination, including but not limited to demotion, dismissal or reduction of compensation or privileges of employment.

Details of the Whistle-Blowing Policy have been disseminated and made available to all employees of the Group.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

As general meetings are the principal forum for dialogue with shareholders, the Board encourages all shareholders to attend the general meetings, to stay informed of the Group's developments. Shareholders are also given the opportunity to air their views and direct questions to the Board and Board Committees. Notices of general meetings are issued with Annual Reports or, relevant circulars and sent to shareholders within the prescribed time frame. Such notices are also advertised in a Singapore newspaper and posted on SGXNet and the Company's website *(Provisions 11.1 and 12.1 of 2018 Code)*.

Every shareholder is entitled to vote in person or by appointing up to 2 proxies to attend and vote on his or her behalf. With poll voting, shareholders and/or, their proxies are entitled to 1 vote for every share represented at general meetings.

In compliance with Bermuda law, the Company's Bye-laws do not allow corporations which provide nominee or custodial services to appoint more than 2 proxies to attend and participate in general meetings as proxies.

At general meetings, separate resolutions are proposed for each substantially separate issue to avoid bundling of resolutions unless, the resolutions are inter-dependent and linked to form 1 significant proposal *(Provision 11.2 of 2018 Code)*.

The Directors, including the Chairman of the respective Board Committees and the External Auditors attend general meetings to address issues or queries raised by shareholders. The External Auditors is present at the AGM to address shareholders' queries on the conduct of the audit and the preparation and content of the auditors' report. For the last AGM held in July 2021, all the Directors attended the meeting, which was conducted by way of electronic means *(Provision 11.3 of 2018 Code)*.

The Company has not implemented voting in absentia due to concerns on information control and security. In this connection, the Company has not amended its Bye-laws to allow shareholders to vote in absentia at general meetings *(Provision 11.4 of 2018 Code)*. Voting in absentia may only be possible following careful study/review of feasibility to ensure that integrity of the information and authentication of the identity of shareholders is not compromised.

Resolutions are voted on by poll and independent scrutineers are appointed to count and verify the results of the poll. The poll results, including the number of votes cast for and against each resolution at the meeting, are released via SGXNet and posted on the Company's website.

The Company Secretary prepares minutes of general meetings which are available to shareholders present at the relevant meeting, upon request. Minutes of AGMs/general meetings of shareholders, incorporating substantial and relevant comments or queries from shareholders relating to the agenda of general meetings and responses from the Board, Management and/or Auditors, are published via SGXNet and on the Company's website *(Provision 11.5 of 2018 Code)*.

To minimise risk of Covid-19 transmission and pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company's forthcoming AGM will be held by way of electronic means on 29 July 2022. Alternative arrangements relating to (i) attendance at the AGM by way of electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio only stream), (ii) submission of questions in advance of the AGM, (iii) addressing of substantial and relevant questions prior to and/or at the AGM and (iv) voting by appointing the Chairman of the Meeting as proxy, are set out in the Notice of AGM dated 4 July 2022, published via SGXNet and on the Company's website. Shareholders are advised to refer to the Notice of AGM for further details.

DIVIDEND POLICY *(Provision 11.6 of 2018 Code)*

The Company has a formal dividend policy which aims to provide its shareholders with a target annual dividend payout of at least 30% of the net profit attributable to shareholders in any financial year, whether as interim and/or final dividend, the declaration and payment of which will be determined at the sole discretion of the Board.

The ordinary dividend recommended, declared or paid in any financial year shall not exceed 50% of the total net profit attributable to shareholders, unless otherwise approved by the Board.

In proposing any dividend payout and/or determining the form, frequency and/or the amount of such dividend payout, the Board will also take into account, *inter alia* –

(i) the Group's actual and expected financial performance and financial conditions;

(ii) retained earnings and distributable reserves;

(iii) results of operations and cash flow;

(iv) the level of the Company's debts to equity ratio and return on equity;

(v) the ability of the Company's subsidiaries to make dividend payments to the Company;

(vi) restrictions on payment of dividends that may be imposed on the Company by any of its financing arrangements;

(vii) the Group's expected working capital requirements, the Group's expected capital expenditure, future expansion, other investment plans and other funding requirements;

(viii) general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group, including such legal or contractual restrictions as may apply from time to time or which the Board may consider appropriate in the interests of the Company; and

(ix) such other factors that the Board deems appropriate.

The Board endeavours to maintain a balance between meeting shareholders' expectations and prudent capital management with a sustainable dividend policy. The Board continually reviews the dividend policy and reserves the right in its sole and absolute discretion to update, amend, modify and/or cancel the dividend policy at any time.

Principle 12: Engagement with Shareholders

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Board recognises the importance and is aware of its obligations in providing regular, effective and fair communication with shareholders. It provides prompt, consistent and relevant information with regard to the Group's corporate developments and financial performance, which complies with disclosure obligations prescribed under the 2018 Code and the SGX-ST Listing Manual.

The Board has taken adequate steps to ensure compliance with legislative and regulatory requirements, including without limitation, the Listing Rules of the SGX-ST. Prompt compliance with statutory reporting requirements is one way to maintain shareholders' confidence and trust in the capability and integrity of the Company.

The Group's Investor Relations ("IR") Policy is that all shareholders should be equally and timely informed of all major developments and events that impact the Group. Price-sensitive information is publicly released on an immediate basis where required under the Listing Manual. 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.

The Company has put in place a formal IR Policy which is available on the Company's website at www.valuetronics.com.hk. The IR Policy sets out, *inter alia*, (i) the principles, policies and practices that are adopted by the Company in the course of a two way communication between the Company and its shareholders and the investment community, and (ii) mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions *(Provisions 12.2 and 12.3 of 2018 Code)*.

The Group keeps all shareholders informed of developments that would have a material impact on the Group through announcements on SGXNet and on the Company's website at www.valuetronics.com.hk. Shareholders may at any time send their enquiries and/or feedback about the Company to the Board in writing through its corporate website, under "Contact Us" or "IR Contact" section *(Provision 12.1 of 2018 Code)*.

The Company notifies shareholders in advance on the date of release of its financial results through announcement via SGXNet.

In presenting the half-yearly and annual financial results to shareholders, the Board seeks to provide shareholders with a detailed, balanced and understandable assessment of the Group's performance, financial position and prospects, including interim and other price sensitive public reports, and reports to regulators (if required).

Immediately following its announcement of the relevant results, the Company establishes shareholder communication via a series of local and overseas non-deal road shows. Management takes an active role in participating in investor relations activities with the investment community and, meeting regularly with local and foreign institutional shareholders. The various channels of shareholder communication enable the Group to solicit and understand the views of the shareholders. For transparency and non-selective disclosure, materials used in these briefings are publicly disseminated via SGXNet and on the Company's website *(Provision 12.1 of 2018 Code)*.

Shareholders and the public may also assess financial and annual reports, announcements and, media releases via the Company's website at www.valuetronics.com.hk.

MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: Engagement with Stakeholders

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company has in place a Stakeholder Engagement Policy which sets out the principles, policies and practices that are adopted by the Company in the course of its stakeholder engagement activities so as to provide opportunities to further align its business practices with societal needs and expectations, helping to drive long-term sustainability and shareholder value.

The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups *(Provision 13.1 of 2018 Code)*.

The Company adopts an inclusive approach by considering and balancing the needs and interests of its key stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served. The key stakeholders include, but not limited to, customers, suppliers, employees, investors, and local government. The Company adopts both formal and informal channels of communication to understand the needs of its key stakeholders, and incorporate their feedback into the evolution of corporate strategies so as to achieve mutually beneficial relationships *(Provisions 13.1 and 13.2 of 2018 Code)*.

The Company discloses in its Sustainability Report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period. Further details can be found in the Company's Sustainability Report for the financial year ended 31 March 2022 which will be released by August 2022 *(Provision 13.2 of 2018 Code)*.

The Company maintains a corporate website at www.valuetronics.com.hk to communicate and engage with its stakeholders *(Provision 13.3 of 2018 Code)*.

SECURITIES TRANSACTIONS

The Group has adopted a policy governing dealings in securities of the Company for Directors, its officers and employees.

The Group's "black-out" period, in compliance with SGX-ST's Listing Rule 1207(19), is that the Directors, officers and other employees of the Group, who have access to price-sensitive and confidential information, should not deal in securities of the Company during the period commencing one month before the announcement of the Group's half-year and full-year results. The black-out period ends on the date of the announcement of the relevant results.

In addition, the Directors and officers of the Group are discouraged from dealing in the Company's securities whilst in possession of price-sensitive information and/or on short-term considerations.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS ("IPTS")

The Group has adopted an internal policy governing procedures for the review and approval of IPTs. The AC has reviewed the rationale and terms of the Group's IPTs and is of the view that the IPTs are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

Save as disclosed in the consolidated financial statements, the aggregate value of all approved IPTs conducted during the financial year ended 31 March 2022 (excluding transactions less than S$100,000), are set out below:

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	
		Year ended 31 March 2022 HK$'000	Year ended 31 March 2021 HK$'000
Chow Kok Kit ("Mr Chow")	Purchase of goods from Nicecon Limited, which is owned by Mr Chow's brother	2,855	3,936
Tse Chong Hing ("Mr Tse")	Project management consultancy services for the Vietnam factory from Concord Buildings Co. Ltd, which is owned by Mr Tse's brother and wife.	1,286	1,512

The Company does not have a Shareholders' Mandate for IPTs.

MATERIAL CONTRACTS

Other than as disclosed above, there were no material contracts of the Company or its subsidiaries involving the interests of any Director or controlling shareholder entered into during the financial year that is required to be disclosed under Rule 1207(8).

REPORT OF THE DIRECTORS

The Directors of the Company are pleased to present their report together with the audited financial statements of the Company and of the Group for the financial year ended 31 March 2022.

1. DIRECTORS AT DATE OF REPORT

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

Tse Chong Hing	Chairman and Managing Director
Chow Kok Kit	Executive Director
Ong Tiew Siam	Lead Independent Director
Loo Cheng Guan	Independent Director
Tan Siok Chin	Independent Director

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

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement the objective of which is to enable the Directors of the Company to acquire benefits by means of acquisition of shares or debentures in the Company or the Group, other than pursuant to the Valuetronics Employee Share Option Scheme and the Valuetronics Employee Share Option Scheme 2017 and the Valuetronics Performance Share Plan and the Valuetronics Performance Share Plan 2017.

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in the shares or debentures of the Company and related corporations, either at the beginning or at the end of the financial year.

	In the name of Directors		Deemed Interest	
	At 1 April 2021	**At 31 March 2022**	**At 1 April 2021**	**At 31 March 2022**
Name of Directors	**Ordinary shares of HK$0.10 each**			
Tse Chong Hing	75,990,411	75,990,411	–	–
Chow Kok Kit	32,000,361	32,000,361	–	–
Ong Tiew Siam	–	–	–	–
Loo Cheng Guan	–	–	–	–
Tan Siok Chin	–	–	–	–

There was no change in Directors' interests between the end of the financial year and 21 April 2022.

4. CONTRACTUAL BENEFITS OF DIRECTORS

Since the beginning of the financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for the directors' fees, salaries, bonuses and other benefits as disclosed in the financial statements.

5. SHARE OPTIONS AND AWARDS

(i) The Valuetronics Employee Share Option Scheme ("ESOS 2007") and the Valuetronics Employee Share Option Scheme 2017 ("ESOS 2017")

The ESOS 2007 was approved by Shareholders at a Special General Meeting ("SGM") on 6 February 2007 and modified at the SGM held on 28 July 2008. ESOS 2007 expired on 6 February 2017 and the new modified ESOS 2017 was approved by Shareholders at SGM on 24 July 2017.

The ESOS 2007 and ESOS 2017 are administered by the Remuneration Committee ("RC") comprising:–

Tan Siok Chin (Chairman)
Ong Tiew Siam
Loo Cheng Guan

Other information regarding the ESOS 2017 is set out below:–

Subject to the absolute discretion of the RC, options may be granted to the following groups of participants under the ESOS 2017:

(a) Group Employees (including Executive Directors but excluding Controlling Shareholders and/or their Associates); and

(b) Non-Executive Directors (including Independent Directors).

Options may be granted by the RC at its discretion with the Exercise Price set at:–

- a price equal to the Market Price; or
- a price which is set at a discount to the Market Price, provided that:
    i. the maximum discount shall not exceed 20% of the Market Price; and
    ii. the Shareholders in general meeting have authorised, in a separate resolution, the making of offers and grants under the ESOS 2017 at a discount not exceeding the maximum discount as aforesaid.

Options granted at the Market Price may be exercised at any time after the first anniversary of the date of the grant. Options granted with the Exercise Price set at a discount to the Market Price may be exercised any time after the second anniversary of the date of grant. All options shall be exercised before the tenth anniversary of the relevant offer date, or such earlier date as may be determined by the RC, failing which all unexercised Options shall immediately lapse and become null and void.

Except as disclosed below, no employee received 5% or more of the total number of shares under options available under the ESOS 2007 and ESOS 2017.

During the financial year, 1,890,000 options to subscribe for shares in the Company were granted to the Company's employees under the ESOS 2017. No exercise of options was noted and 400,000 options were forfeited during the financial year.

As at 31 March 2022, the Company has the following outstanding share options:

Date of grant (Note)	Exercise Price	Outstanding at 1 April 2021	Granted	Forfeited	Outstanding at 31 March 2022
24 August 2015	S$0.268*	27,500	–	–	27,500
18 August 2016	S$0.379*	132,000	–	–	132,000
24 September 2017	S$0.701	3,095,000	–	(200,000)	2,895,000
21 September 2018	S$0.530	2,245,000	–	–	2,245,000
15 November 2019	S$0.570	3,195,000	–	(100,000)	3,095,000
18 November 2020	S$0.460	2,500,000	–	(100,000)	2,400,000
7 December 2021	S$0.530	–	1,890,000	–	1,890,000
Total		11,194,500	1,890,000	(400,000)	12,684,500

* Following the completion of the 1-for-10 bonus issue on 5 June 2017, the number of outstanding share options held by each holder were adjusted upward by 10% and their respective exercise prices were adjusted downward by 10% as a result.

Note:
These Incentive Options were issued at a discount of not more than 20% to the average of the last dealt prices on the Official List of the SGX-ST for the five consecutive Market Days immediately preceding the date of grant of the respective Options.

The details of options granted to the Directors (and Controlling Shareholders) of the Company:

Name of participant	Options granted during the financial year	Aggregate options granted since commencement of ESOS 2007 to end of financial year	Aggregate options exercised since commencement of ESOS 2007 to end of financial year	Aggregate options outstanding at end of financial year
Tse Chong Hing	–	3,225,000	(3,225,000)	–
Chow Kok Kit	–	2,800,000	(2,800,000)	–
Ong Tiew Siam	–	–	–	–
Loo Cheng Guan	–	–	–	–
Tan Siok Chin	–	–	–	–
Total	–	6,025,000	(6,025,000)	–

(ii) The Valuetronics Performance Share Plan ("PSP 2008") and the Valuetronics Performance Share Plan 2017 ("PSP 2017")

The PSP 2008 approved by shareholders of the Company on 28 July 2008 was terminated and replaced by the PSP 2017 which was approved by shareholders of the Company on 24 July 2017. The PSP 2017 is in addition to and complementary to the ESOS 2017. The PSP 2017 is intended to further the Company's continuing efforts to reward, retain and motivate Directors and employees to achieve better performance. The PSP 2017 is an incentive plan to provide the Company with the flexibility in tailoring reward and incentive packages to suit individual participants.

The focus of the PSP 2017 is principally to target executives in key positions who are able to drive the growth of the Company through innovation, creativity and superior performance. The number of shares to be awarded under the PSP 2017 is determined by performance targets and/or service conditions and/or significant contributions to the Group ("Share Awards").

The PSP 2017 is administered by the Remuneration Committee.

Except as disclosed below, no employee received 5% or more of the total number of Share Awards available under the PSP 2008 and PSP 2017.

During the financial year, no Share Awards were granted to the Company's Executive Directors under the PSP 2008 and PSP 2017.

As at 31 March 2022, the Company has no outstanding Share Awards.

The vesting period of the above Share Awards are 1-3 years from the date of grant.

The details of Share Awards granted to the Directors (and Controlling Shareholders) of the Company:

Name of participant	Aggregate awards granted since commencement of PSP 2008 to end of financial year
Tse Chong Hing	3,225,000
Chow Kok Kit	2,800,000
Total	6,025,000

There were no awards granted, released, forfeited or, outstanding, during the financial year.

(iii) Executive Director's entitlement to ESOS 2017 and PSP 2017

Mr. Chow Kok Kit, an Executive Director, has irrevocably and unconditionally renounced his right and/or entitlement to participate in the ESOS 2017 and PSP 2017.

6. AUDIT COMMITTEE

The Audit Committee ("AC") comprises three members, all of whom are Independent Non-Executive Directors. The AC members at the date of this report are as follows:–

Ong Tiew Siam (Chairman)
Loo Cheng Guan
Tan Siok Chin

The AC held four meetings since the date of the last Directors' report.

The functions of the AC are disclosed in the Corporate Governance Report.

The AC has full access to and has the co-operation of Management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The External Auditors and Internal Auditors have unrestricted access to the AC.

7. AUDITORS

The Directors of the Company, with the concurrence of the AC, propose the appointment of PricewaterhouseCoopers LLP, Singapore, in place of the retiring Auditors, PricewaterhouseCoopers, Hong Kong, as External Auditors of the Company for the financial year ending 31 March 2023 at the forthcoming AGM.

8. DEVELOPMENTS SUBSEQUENT TO ANNOUNCEMENT OF RESULTS

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 26 May 2022, which would materially affect the Group's and the Company's operating and financial performance as of the date of this report.

ON BEHALF OF THE BOARD OF DIRECTORS

TSE CHONG HING
Chairman

CHOW KOK KIT
Executive Director

17 June 2022

STATEMENT BY DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2022

In the opinion of the Directors,

(a) The accompanying consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon as set out on pages 48 to 95, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2022 and of the results, changes in equity and cash flows of the Group for the financial year then ended; and

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

On behalf of the Board of Directors

TSE CHONG HING
Chairman

CHOW KOK KIT
Executive Director

17 June 2022

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

To the Shareholders of Valuetronics Holdings Limited
(incorporated in Bermuda with limited liability)

Opinion

What we have audited

The consolidated financial statements of Valuetronics Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 48 to 95, comprise:

- the consolidated and company statements of financial position as at 31 March 2022;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and of the Group as at 31 March 2022, and of the Group's consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888 F: +852 2810 9888, www.pwchk.com

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is related to net realisable value of inventories:

Key Audit Matter	How Our Audit Addressed The Key Audit Matter
Net realisable value of inventories	
Refer to Note 3.7 "Summary of significant accounting policies – Inventories" and Note 5(a) "Critical accounting estimates and judgements – Write-down of inventories" to the consolidated financial statements. At 31 March 2022, the Group held inventories of HK$273,508,000. Inventories are stated at the lower of cost and net realisable value, and the latter is the estimated selling price in the ordinary course of business less estimated costs to completion and those necessary to make the sale. We focused on this area because management applies judgements in determining the net realisable value of inventories based on inspections and analyses of degree of obsolescence on various categories and types of inventories, pricing plans for different products, etc.	Our procedures to obtain evidence over the appropriateness of management's assumptions in determining the net realisable value of inventories included the following. We – evaluated and tested the Group's monitoring controls on analysing slow-moving indicators of inventories such as monthly turnover ratios and bi-weekly consumption forecasts as well as comparing production plan with sales orders, – tested the effectiveness of controls operating across the Group including inspection on physical conditions of materials and products as well as notification for inventories not supported by sales orders with follow-up actions, – attended physical observations at production premises and warehouses to identify any potential obsolescence and damages on the Group's inventories, – assessed the reasonableness and consistency of judgements and assumptions applied by management to write-off inventories which were damaged, obsolete, etc as indicated by inventory records or sales information, and – observed the sales prices from recent sales transactions to support the net realisable value of inventories. Based on the above, we found that the assumptions and judgements applied by management on their assessment of the net realisable value of inventories were supported by the evidence we obtained.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chong Heng Hon.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 17 June 2022

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 HK$'000	2021 HK$'000
Revenue	6	**2,027,426**	2,281,523
Cost of sales	8	**(1,752,611)**	(1,895,298)
Gross profit		**274,815**	386,225
Selling and distribution expenses	8	**(21,636)**	(31,992)
Administrative expenses	8	**(141,585)**	(163,291)
Other income and gains, net	7	**14,734**	18,424
Operating profit		**126,328**	209,366
Finance costs		**(583)**	(692)
Profit before income tax		**125,745**	208,674
Income tax expense	11	**(12,199)**	(21,561)
Profit for the year		**113,546**	187,113
Attributable to:			
Owners of the Company		**113,546**	187,113
Earnings per share for profit attributable to owners of the Company for the year		**HK cents**	**HK cents**
– Basic	12	**26.1**	43.0
– Diluted	12	**26.0**	43.0

The above consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	2022 HK$'000	2021 HK$'000
Profit for the year	**113,546**	187,113
Other comprehensive income, net of tax		
Items that may be reclassified to profit or loss		
Currency translation differences	**2,923**	4,999
Total comprehensive income for the year	**116,469**	192,112
Attributable to:		
Owners of the Company	**116,469**	192,112

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Note	Group		Company	
		2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	**318,319**	288,137	**–**	–
Right-of-use assets	15(a)	**47,451**	49,789	**–**	–
Investment in subsidiaries	16	**–**	–	**83,330**	83,330
Financial assets at fair value through profit or loss	17	**24,600**	24,000	**–**	–
Other non-current assets	18	**19,105**	14,940	**–**	–
		409,475	376,866	**83,330**	83,330
Current assets					
Inventories	19	**273,508**	214,080	**–**	–
Trade receivables	20	**430,681**	490,509	**–**	–
Other receivables and prepayments		**45,326**	30,696	**300**	268
Due from subsidiaries	16	**–**	–	**487,560**	434,524
Cash and cash equivalents	21	**936,665**	1,129,446	**212**	1,641
		1,686,180	1,864,731	**488,072**	436,433
Total assets		**2,095,655**	2,241,597	**571,402**	519,763
EQUITY					
Equity attributable to owners of the Company					
Share capital	26	**43,563**	43,563	**43,563**	43,563
Treasury shares	26	**(11,138)**	(18)	**(11,138)**	(18)
Reserves	28	**1,336,178**	1,303,548	**538,146**	475,761
Total equity		**1,368,603**	1,347,093	**570,571**	519,306
LIABILITIES					
Non-current liabilities					
Deferred income tax liabilities	22	**2,974**	5,074	**–**	–
		2,974	5,074	**–**	–
Current liabilities					
Trade payables	23	**262,733**	365,181	**–**	–
Other payables and accruals	24	**385,987**	446,212	**831**	457
Contract liabilities	25	**24,299**	24,191	**–**	–
Current income tax liabilities		**51,059**	53,846	**–**	–
		724,078	889,430	**831**	457
Total liabilities		**727,052**	894,504	**831**	457
Total equity and liabilities		**2,095,655**	2,241,597	**571,402**	519,763

The above statements of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Attributable to owners of the Company								
			Reserves						
	Share capital HK$'000	Treasury shares HK$'000	Share premium HK$'000	Share-based compensation reserve HK$'000	Currency translation reserve HK$'000	Statutory reserve HK$'000	Retained earnings HK$'000	Subtotal HK$'000	Total HK$'000
	(Note 26)	(Note 26)	(Note 28(i))	(Note 28(iii))	(Note 28(iv))	(Note 28(v))			
Balance at 1 April 2021	43,563	(18)	164,515	12,254	19,746	5,244	1,101,789	1,303,548	1,347,093
Total comprehensive income for the year	–	–	–	–	2,923	–	113,546	116,469	116,469
Dividends paid (Note 13)	–	–	–	–	–	–	(87,125)	(87,125)	(87,125)
Share-based compensation	–	–	–	3,286	–	–	–	3,286	3,286
Forfeiture of share option	–	–	–	(540)	–	–	540	–	–
Purchase of treasury shares (Note 26)	–	(11,120)	–	–	–	–	–	–	(11,120)
	–	(11,120)	–	2,746	2,923	–	26,961	32,630	21,510
Balance at 31 March 2022	**43,563**	**(11,138)**	**164,515**	**15,000**	**22,669**	**5,244**	**1,128,750**	**1,336,178**	**1,368,603**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Attributable to owners of the Company								
			Reserves						
	Share capital HK$'000	Treasury shares HK$'000	Share premium HK$'000	Share-based compensation reserve HK$'000	Currency translation reserve HK$'000	Statutory reserve HK$'000	Retained earnings HK$'000	Subtotal HK$'000	Total HK$'000
	(Note 26)	(Note 26)	(Note 28(i))	(Note 28(iii))	(Note 28(iv))	(Note 28(v))			
Balance at 1 April 2020	43,563	(2,272)	163,918	9,116	14,747	4,818	997,712	1,190,311	1,231,602
Total comprehensive income for the year	–	–	–	–	4,999	–	187,113	192,112	192,112
Dividends paid (Note 13)	–	–	–	–	–	–	(82,650)	(82,650)	(82,650)
Exercise of share options (Note 27(a))	–	2,254	597	(971)	–	–	–	(374)	1,880
Share-based compensation	–	–	–	4,149	–	–	–	4,149	4,149
Forfeiture of share option	–	–	–	(40)	–	–	40	–	–
Transfer to statutory reserve	–	–	–	–	–	426	(426)	–	–
	–	2,254	597	3,138	4,999	426	104,077	113,237	115,491
Balance at 31 March 2021	43,563	(18)	164,515	12,254	19,746	5,244	1,101,789	1,303,548	1,347,093

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	2022 HK$'000	2021 HK$'000
Cash flows from operating activities		
Profit before income tax	**125,745**	208,674
Adjustments for:		
Depreciation on right-of-use assets	**3,644**	3,552
Depreciation on property, plant and equipment	**58,028**	54,118
Provision for impairment of trade receivables	**1,499**	–
(Gain)/loss on disposals of property, plant and equipment	**(1,101)**	1,598
Investment income	**(2,694)**	–
Share-based compensation	**3,286**	4,149
Interest income, net	**(2,289)**	(5,654)
	186,118	266,437
Changes in working capital:		
Inventories	**(59,428)**	13,847
Trade receivables	**58,329**	(164,121)
Other receivables and prepayments	**(11,405)**	3,604
Trade payables	**(102,448)**	73,947
Other payables and accruals	**(60,225)**	51,636
Contract liabilities	**108**	(17,656)
Net cash generated from operations	**11,049**	227,694
Income tax paid	**(21,968)**	(14,542)
Interest elements of lease payments	**–**	(81)
Net cash (used in)/generated from operating activities	**(10,919)**	213,071
Cash flows from investing activities		
Purchase of property, plant and equipment	**(92,284)**	(94,637)
Acquisition of right-of-use assets	**(1,032)**	(2,601)
Proceeds from disposals of property, plant and equipment	**3,091**	1,812
Proceeds from returns on financial assets at fair value	**2,694**	–
Redemption of financial assets at fair value	**–**	38,630
Interest received	**2,289**	5,735
Net cash used in investing activities	**(85,242)**	(51,061)
Cash flows from financing activities		
Purchase of treasury shares	**(11,120)**	–
Dividends paid	**(87,125)**	(82,650)
Proceeds from exercise of share options	**–**	1,880
Principal elements of lease payments	**–**	(1,292)
Net cash used in financing activities	**(98,245)**	(82,062)
Net (decrease)/increase in cash and cash equivalents	**(194,406)**	79,948
Cash and cash equivalents at beginning of the financial year	**1,129,446**	1,053,096
Effect of foreign exchange rate changes	**1,625**	(3,598)
Cash and cash equivalents at end of the financial year	**936,665**	1,129,446

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1 General information

Valuetronics Holdings Limited (the "Company") (Registration number: 38813) was incorporated in Bermuda on 18 August 2006 under the Companies Act 1981 of Bermuda as an exempted company with limited liability. The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda. The address of its principal place of business is Unit 9-11, 7/F., Technology Park, No. 18, On Lai Street, Shatin, New Territories, Hong Kong. The Company's shares are listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in Note 16 to the consolidated financial statements.

These consolidated financial statements have been presented in thousands of HK dollar ("HK$'000"), unless otherwise stated, and is approved for issue by the Board of Directors on 17 June 2022.

2 Basis of preparation

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards ("IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

2.1 Compliance with IFRS

The consolidated financial statements of the Company have been prepared in accordance IFRSs.

2.2 Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss ("FVPL") which are measured at fair value.

2.3 New and amended standards

(a) Adoption of new and amended standards

The followings are mandatory for the first time for the financial year beginning 1 April 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 — Interest Rate Benchmark Reform – Phase 2
- Amendments to IFRS 16 — Covid-19-related Rent Concessions

The adoption of the above amendments to standards does not have any significant financial impact to the results and financial position of the Group and the Company.

2 Basis of preparation (Continued)

2.3 New and amended standards (Continued)

(b) New standards, amendments to standards and interpretations not yet effective

The following are new/revised standards and amendments to existing standards that have been published and are relevant and mandatory for the Group's accounting periods beginning on or after 1 April 2022, but have not been early adopted.

• Amendments to IAS 1	Classification of Liabilities as Current/Non-current(2)
• Amendments to IAS 8	Definition of Accounting Estimates(2)
• Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction(2)
• Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use(1)
• Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract(1)
• Amendments to IFRS 3	Reference to the Conceptual Framework(1)
• Amendments to IFRSs	Annual Improvements to IFRS Standards 2018-2020(1)
• IFRS 17	Insurance Contracts(2)
• Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies(2)
• Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture(3)

(1) Effective for the accounting period beginning on or after 1 April 2022
(2) Effective for the accounting period beginning on or after 1 April 2023
(3) Effective date to be determined

These new standards or amendments to existing standards are not expected to have any material impact on the Group and the Company in the current or future reporting periods and on foreseeable future transactions.

3 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.

3.1 Subsidiaries

(a) Consolidation

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

3 Summary of significant accounting policies (Continued)

3.1 Subsidiaries (Continued)

(a) Consolidation (Continued)

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(b) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

3.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director who makes strategic decisions.

3.3 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

3 Summary of significant accounting policies (Continued)

3.3 Foreign currency translation (Continued)

(b) Transactions and balances (Continued)

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

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

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

– all resulting currency translation differences are recognised in other comprehensive income.

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

3.4 Property, plant and equipment

Property, plant and equipment (except for construction-in-progress as outlined below) are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Construction-in-progress is stated at cost less accumulated impairment losses, if any. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought to use, the costs are transferred out from construction-in-progress and depreciated in accordance with the policy as stated below.

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

3 Summary of significant accounting policies (Continued)

3.4 Property, plant and equipment (Continued)

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Land and buildings	25-50 years; or over the lease term of the relevant land; whichever is shorter
Equipment and machinery	2-10 years
Computers	2-5 years
Furniture and fittings	5 years
Office equipment	5 years
Motor vehicles	3-6 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3.5).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other income and gains, net" in the income statement.

3.5 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.6 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

3 Summary of significant accounting policies (Continued)

3.6 Financial assets (Continued)

(a) Classification (Continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at financial assets at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(i) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the income statement and presented in "Other income and gains, net" together with foreign exchange gains and losses.

3 Summary of significant accounting policies (Continued)

3.6 Financial assets (Continued)

(c) Measurement (Continued)

(i) Debt instruments (Continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "Other income and gains, net". Interest income from these financial assets is included in interest income using the effective interest rate method. Foreign exchange gains and losses are presented in "Other income and gains, net" and impairment expenses are presented as separate line item in the income statement.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the income statement and presented net within "Other income and gains, net" in the period in which it arises.

(ii) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in the income statement as "Other income and gains, net" when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in "Other income and gains, net" in the income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 4.1(b)(ii) for further details.

3 Summary of significant accounting policies (Continued)

3.6 Financial assets (Continued)

(e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average 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). Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

3.8 Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 4.1(b)(ii) for a description of the Group's impairment policies.

3.9 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original short maturities.

3.10 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.11 Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sales, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in equity.

3 Summary of significant accounting policies (Continued)

3.12 Trade and other payables

Trade and other payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.13 Contract assets and liabilities

When either party to a contract has performed, the Group presents the contract in statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and customer's payment.

A contract asset is the Group's right to consideration in exchange for goods or services the Group has transferred to customer. Contract asset is subject to the impairment of expected credit losses model under IFRS 9.

Incremental costs incurred to obtain a contract, if recoverable, are capitalised and presented as contract assets and subsequently amortised when the related revenue is recognised. For those costs with amortisation periods of less than 1 year, they are expensed as incurred.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract as a contract liability when the payment is made or the receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration that is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

3.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

3 Summary of significant accounting policies (Continued)

3.14 Current and deferred income tax (Continued)

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

(c) Offsetting

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.15 Employee benefits

(a) Retirement benefit schemes

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of contribution per employee and vest fully with employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries established in the People's Republic of China (the "PRC") are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contributions under the scheme.

3 Summary of significant accounting policies (Continued)

3.15 Employee benefits (Continued)

(b) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plans. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceilings. The Group's liability in respect of these funds is limited to the contributions payable in each period.

(c) Employee leave entitlements

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

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

(d) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

3.16 Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (e.g. options) of the Group. The fair value of the employee services received in exchange for the grant of the equity instruments is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted, excluding the impact of non-market performance vesting conditions.

At the end of each reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest based on non-market performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company uses treasury shares or issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

3.17 Provision

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

3 Summary of significant accounting policies (Continued)

3.17 Provision (Continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the statement of financial position date. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

3.18 Revenue recognition

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer.

(a) Sales of goods and materials

Revenue from the sales of manufactured goods and trading of raw materials are recognised when control of the goods has transferred, being when the goods are delivered to the customer, the customer has full discretion over the channel and price to sell the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

No significant element of financing is deemed present as the sales are made with the credit terms which are consistent with market practice. The Group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision, see Note 24.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

After signing contracts with customers and receiving orders, the Group recognises the amount of contract consideration received from the customers as contract liabilities before delivering products to customers.

(b) Services

Revenue from providing tooling services is recognised in the accounting period in which the services are rendered.

A fulfilment cost is the Group's right to consideration in exchange for goods or services which the Group has transferred to customers. Incremental costs incurred to obtain a contract, if recoverable, are capitalized and presented as fulfilment costs.

A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

3 Summary of significant accounting policies (Continued)

3.19 Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the income statement as part of "Other income and gains, net".

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3.20 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that termination option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

3 Summary of significant accounting policies (Continued)

3.20 Leases (Continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group may be exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

3 Summary of significant accounting policies (Continued)

3.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

4 Financial risk management

4.1 Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in HK$, US$ and Renminbi ("RMB").

The Group currently does not have a foreign currency hedging policy in respect of other foreign currency transactions, assets and liabilities.

There is no significant foreign exchange risk for HK$/US$ as HK$ are reasonably stable with US$ under the linked exchange rate system.

At 31 March 2022, if RMB had weakened/strengthened 5 per cent against US$ with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$2,309,000 (2021: 1 per cent & HK$413,000) lower/higher, arising mainly as a result of the net foreign exchange differences cash and cash equivalents, receivables and payables denominated in RMB.

This sensitivity analysis ignores any offsetting foreign exchange factors and has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period.

(ii) Price risk

The Group's financial assets at fair value are measured at fair value at the end of each reporting period. The directors manage this exposure by maintaining a portfolio of investments with difference risk profiles.

At 31 March 2022, if the market price of the financial assets at fair value at that date had been increased/decreased by 5 per cent with all other variables held constant, the consolidated profit after tax for the year would increase/decrease by approximately HK$923,000 (2021: HK$900,000) arising as a result of gain/loss on financial assets at FVPL.

4 Financial risk management (Continued)

4.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Interest rate risk

As the Group has significant interest-bearing assets, the Group's operating cash flows are dependent of changes in market interest rates. The Group's exposure to interest rate risk relates principally to its cash and cash equivalents. Certain of the Group's cash and cash equivalents bear interests at fixed interest rates and therefore are subject to fair value interest rate risks. The cash and cash equivalents bear interests at fixed interest rates ranging from approximately 0.26% to 0.65% (2021: 0.19% to 0.32%) per annum as at 31 March 2022. Other than these, the cash and cash equivalents bear interests at variable rates varied with the then prevailing market condition and thus exposing the Group to cash flow interest rate risk.

At 31 March 2022, if interest rates at that date had been 5 basis points higher/lower with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$140,000 higher/lower, arising mainly as a result of higher/lower interest income on cash and cash equivalents. At 31 March 2021, if interest rates at that date had been 10 basis points higher/lower with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$629,000 higher/lower.

The sensitivity analysis has been determined assuming that the change in rates had occurred throughout the year and had been applied to the exposure to interest rate risk for financial instruments in existence at the statement of financial position date.

(b) Credit risk

Credit risk arises from contractual cash flows of debt instruments carried at amortised cost, at FVPL, cash and cash equivalents, as well as credit exposures to customers, including outstanding receivables.

(i) Risk management

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. As at 31 March 2022, the five largest trade receivables represent approximately 69% (2021: 77%) of the total trade receivables. The Group performs ongoing credit evaluation of its customers' financial condition and requires no collateral from its customers.

The credit risk on cash and cash equivalents is limited because the counterparties are reputable banks with low credit risks assigned by international credit-rating agencies.

4 Financial risk management (Continued)

4.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets

The Group has two types of financial assets that are subject to the expected credit loss model:

Trade receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on credit risk characteristics and credit rating (2021: roll-rate method). The expected loss rates are based on the historical credit loss rates by industry and data published by external credit rating institution, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Details of loss allowance of trade receivables as at 31 March 2022 were included in Note 20.

The Group has identified macroeconomic conditions, industry risks, probabilities of default and expected operating performance of the debtors in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Other financial assets at amortised cost

For other financial assets at amortised cost, the Group and the Company recognise loss allowances equal to 12-month expected credit losses unless there has been a significant increase in credit risk of the financial assets since initial recognition, in which case the loss allowances are measured at amounts equal to lifetime expected credit losses. The expected credit losses for other financial assets at amortised cost are not material.

4 Financial risk management (Continued)

4.1 Financial risk factors (Continued)

(c) Liquidity risk

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

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Group					
At 31 March 2022					
Trade payables	**262,733**	**–**	**–**	**–**	**262,733**
Other payables	**87,242**	**–**	**–**	**–**	**87,242**
	349,975	**–**	**–**	**–**	**349,975**
At 31 March 2021					
Trade payables	365,181	–	–	–	365,181
Other payables	116,788	–	–	–	116,788
	481,969	–	–	–	481,969
Company					
At 31 March 2022					
Other payables	**831**	**–**	**–**	**–**	**831**
At 31 March 2021					
Other payables	457	–	–	–	457

4.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares and buy-back shares, raise new debts, or sell assets to reduce debts.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debts less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, share premium, retained earnings and other reserves). At the end of the year, the Group has no debt outstanding (2021: nil) and the debt-to-adjusted capital ratio has not been disclosed.

4 Financial risk management (Continued)

4.2 Capital management (Continued)

The only externally imposed capital requirement is that for the Group to maintain its listing on the SGX-ST it has to have a public float of at least 10% of the shares. The Group receives a report from the share registrars monthly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 10% limit throughout the year. As at 31 March 2022, 75% (2021: 75%) of the shares were in public hands.

4.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 March 2022 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 March 2022				
Financial assets at FVPL	**–**	**–**	**24,600**	**24,600**
At 31 March 2021				
Financial assets at FVPL	–	–	24,000	24,000

There were no transfers between different levels during the year.

The carrying amounts of the Group's current financial assets including cash and cash equivalents, and trade and other receivables, and the Group's current financial liabilities including trade and other payables, approximate their fair values.

4 Financial risk management (Continued)

4.4 Financial instruments by category

	Group		Company	
	As at 31 March		As at 31 March	
	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000
Financial assets				
Financial assets at amortised cost				
Trade receivables	**430,681**	490,509	**–**	–
Other receivables	**4,191**	631	**–**	–
Due from subsidiaries	**–**	–	**487,560**	434,524
Cash and cash equivalents	**936,665**	1,129,446	**212**	1,641
Financial assets at FVPL	**24,600**	24,000	**–**	–
	1,396,137	1,644,586	**487,772**	436,165
Financial liabilities				
Financial liabilities at amortised cost				
Trade payables	**262,733**	365,181	**–**	–
Other payables	**87,242**	116,788	**831**	457
	349,975	481,969	**831**	457

5 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

(a) Write-down of inventories

Write-down for inventories is made based on the estimated net realisable value of inventories. The assessment of the write-down amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and amount written-down/written-back in the period in which such estimate is changed.

(b) Provisions

The provisions are based on estimates made from historical data associated with products and services and information provided by the customers as well as the other market information. The assessment of the provision amounts involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such differences will impact the carrying value of provisions and amount charged/written-back in the period in which such estimate is changed.

5 Critical accounting estimates and judgements (Continued)

(c) Depreciation of property, plant and equipment

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

(d) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past collection history, existing market conditions as well as forward looking estimates at the end of each reporting period. Where the actual result is different from the original estimate, such difference will impact the carrying value of the financial assets and loss allowances in the year in which such estimate is changed.

(e) Taxation

The Group is mainly subject to income tax in Hong Kong. There may be transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

6 Revenue and segment information

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

During the year the Group has two reportable segments as follows:

- Consumer Electronics – consumer electronics products

- Industrial and Commercial Electronics – industrial and commercial electronics products

6 Revenue and segment information (Continued)

	Consumer Electronics HK$'000	Industrial and Commercial Electronics HK$'000	Total HK$'000
Year ended 31 March 2022			
Revenue (from external customers)	**706,862**	**1,320,564**	**2,027,426**
Timing of revenue recognition			
– at a point in time	**706,379**	**1,311,957**	**2,018,336**
– over time	**483**	**8,607**	**9,090**
Segment profit	**51,803**	**203,546**	**255,349**
Year ended 31 March 2021			
Revenue (from external customers)	680,731	1,600,792	2,281,523
Timing of revenue recognition			
– at a point in time	677,379	1,582,458	2,259,837
– over time	3,352	18,334	21,686
Segment profit	72,202	285,521	357,723

The revenue from external parties reported is measured in a manner consistent with that in the consolidated income statement.

Reconciliation of segment profit to profit for the year:

	2022 HK$'000	2021 HK$'000
Segment profit	**255,349**	357,723
Unallocated corporate expenses		
– staff costs	**(116,698)**	(142,998)
– income tax expense	**(12,199)**	(21,561)
– others	**(12,906)**	(6,051)
Profit for the year	**113,546**	187,113

	2022 HK$'000	2021 HK$'000
Revenue		
Sales of goods	**2,018,336**	2,259,837
Tooling	**9,090**	21,686
	2,027,426	2,281,523

6 Revenue and segment information (Continued)

Geographical information:

	Revenue		Non-current assets (other than financial instruments)	
	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000
United States of America	**710,907**	934,382	**–**	–
The PRC	**493,726**	606,465	**145,391**	175,480
Poland	**222,473**	129,060	**–**	–
Hong Kong	**170,997**	117,417	**15,573**	16,271
Netherlands	**95,744**	91,711	**–**	–
Indonesia	**87,619**	113,361	**–**	–
Germany	**45,063**	55,234	**–**	–
South Korea	**21,970**	37,459	**–**	–
Vietnam	**12,686**	21,240	**223,911**	161,115
France	**9,914**	24,205	**–**	–
Other countries	**156,327**	150,989	**–**	–
Total	**2,027,426**	2,281,523	**384,875**	352,866

During the financial year ended 31 March 2022, the Group's external revenue of approximately HK$1,156 million (2021: HK$1,686 million) was generated from three (2021: four) major customers, each of which accounted for 10% or more of the Group's total external revenue. These revenues were attributable to both Consumer Electronics and Industrial and Commercial Electronics segments.

7 Other income and gains, net

	2022 HK$'000	2021 HK$'000
Other income		
– sales of scrap materials	**3,992**	1,010
– investment income	**2,694**	–
– interest income	**2,289**	5,735
– government grants	**599**	7,379
– rework income	**85**	757
– sundry income	**1,035**	965
Gain/(loss) on		
– disposals of property, plant and equipment	**1,101**	(1,598)
– net exchange	**2,939**	4,176
	14,734	18,424

8 Expenses by nature

	2022 HK$'000	2021 HK$'000
Changes in inventories of finished goods and work-in-progress	**4,836**	20,588
Raw materials and consumables used	**1,403,330**	1,552,854
Depreciation on right-of-use assets (Note 15)	**3,644**	3,552
Depreciation on property, plant and equipment (Note 14)	**58,028**	54,118
Provision for impairment of trade receivables	**1,499**	–
Auditors' remuneration		
– audit services	**2,060**	1,966
– non-audit services	**316**	–
Legal and professional fees	**4,666**	5,358
Staff costs, excluding directors' remuneration (Note 9)	**329,342**	328,581
Directors' remuneration (Note 10)	**21,206**	31,120
Others	**86,905**	92,444
Total cost of sales, selling and distribution expenses and administrative expenses	**1,915,832**	2,090,581

9 Staff costs, excluding directors' remuneration

	2022 HK$'000	2021 HK$'000
Salaries, wages, bonuses and allowances	**305,022**	317,533
Retirement benefit scheme contributions and post- employment benefits	**21,034**	6,899
Share-based compensation	**3,286**	4,149
	329,342	328,581

10 Directors' remuneration

	2022 HK$'000	2021 HK$'000
Independent directors		
– fee	**1,442**	1,297
Executive directors		
– salaries, wages, bonus and allowances	**19,728**	29,787
– retirement benefit scheme contributions	**36**	36
	21,206	31,120

11 Income tax expense

	2022 HK$'000	2021 HK$'000
Current income tax expense		
– Hong Kong profits tax	**8,900**	16,747
– PRC enterprise income tax	**5,399**	7,258
Deferred income tax credit (Note 22)	**(2,100)**	(2,444)
	12,199	21,561

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

(a) Hong Kong

Hong Kong profits tax is provided at 16.5% (2021: 16.5%) based on the estimated assessable profit for the year.

(b) The PRC

Pursuant to the Corporate Income Tax Law of the PRC effective from 1 January 2008, enterprises with a High/New Technology Enterprise ("HNTE") status are able to enjoy a preferential tax rate of 15%. For the entities without the HNTE status, the PRC income tax rate is 25% (2021: 25%). On 20 December 2021, one of the Group's subsidiary obtained the HNTE certificate.

(c) Vietnam

Pursuant to relevant income tax rules and regulations in the Vietnam, the subsidiary in the Vietnam is required to pay Vietnam enterprise income tax at a rate of 20% (2021: 20%).

In accordance with the relevant income tax rules and regulations of the PRC, the Group is liable to withholding tax on dividends distributed from the Group's PRC subsidiaries in respect of their profits generated on or after 1 January 2008. As at 31 March 2022, the aggregate amount of the temporary differences relating to the undistributed profits of the Group's PRC subsidiaries amounted to approximately HK$21,691,000 (2021: HK$18,115,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

11 Income tax expense (Continued)

The reconciliation between the Group's actual tax charge and the amount which is calculated based on the Hong Kong profits tax rate is as follows:

	2022 HK$'000	2021 HK$'000
Profit before income tax	**125,745**	208,674
Tax calculated at Hong Kong profits tax rate of 16.5%	**20,748**	34,431
Expenses not deductible for tax purposes	**720**	99
Income not subject to tax	**(508)**	(1,362)
Tax losses for which no deferred tax asset was recognised	**4,903**	3,598
Tax concession	**(9,741)**	(15,740)
Effect of different tax rate of subsidiaries operating in other jurisdiction	**(1,815)**	1,284
Over provisions in prior periods	**(2,000)**	–
Others	**(108)**	(749)
Tax charge	**12,199**	21,561

12 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company of HK$113,546,000 (2021: HK$187,113,000) by the weighted average number of ordinary shares of 435,451,270 (2021: 435,048,782) in issue during the year.

Diluted earnings per share is calculated by dividing the profit attributable to owners of the Company of HK$113,546,000 (2021: HK$187,113,000) by the weighted average number of ordinary shares of 436,026,145 (2021: 435,211,528), being the weighted average number of ordinary shares of 435,451,270 (2021: 435,048,782) in issue during the year used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 574,875 (2021: 162,746) assumed to have been issued at no consideration on the deemed exercise of the share options outstanding during the year.

13 Dividends

	2022 HK$'000	2021 HK$'000
Interim dividend, paid of HK$0.04 (2021: HK$0.05) per ordinary share	**17,425**	21,750
Final dividend, proposed of HK$0.10 (2021: HK$0.16) per ordinary share	**43,191**	69,700
	60,616	91,450

These proposed dividends were proposed by the Company on 26 May 2022 to its shareholders in respect of the financial year ended 31 March 2022, which is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 March 2023 subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

14 Property, plant and equipment

	Group							
	Land and buildings HK$'000	Equipment and machinery HK$'000	Computers HK$'000	Furniture and fittings HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Construction-in-progress HK$'000	Total HK$'000
Cost								
At 1 April 2021	135,821	441,893	5,741	48,415	23,965	4,226	79,583	739,644
Additions	459	36,756	580	2,039	3,912	845	44,773	89,364
Disposals	–	(19,004)	(423)	–	(140)	–	–	(19,567)
Transfers	124,356	–	–	–	–	–	(124,356)	–
Exchange differences	2,328	237	2	(1)	(20)	(3)	–	2,543
At 31 March 2022	**262,964**	**459,882**	**5,900**	**50,453**	**27,717**	**5,068**	**–**	**811,984**
Accumulated depreciation and accumulated impairment								
At 1 April 2021	61,650	322,099	5,239	39,204	19,437	3,878	–	451,507
Charge for the year	6,604	45,025	532	3,173	2,497	197	–	58,028
Disposals	–	(17,165)	(306)	–	(106)	–	–	(17,577)
Exchange differences	1,467	345	(114)	–	1	8	–	1,707
At 31 March 2022	**69,721**	**350,304**	**5,351**	**42,377**	**21,829**	**4,083**	**–**	**493,665**
Net book amount								
At 31 March 2022	**193,243**	**109,578**	**549**	**8,076**	**5,888**	**985**	**–**	**318,319**

	Group							
	Land and buildings HK$'000	Equipment and machinery HK$'000	Computers HK$'000	Furniture and fittings HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Construction-in-progress HK$'000	Total HK$'000
Cost								
At 1 April 2020	126,354	415,543	6,264	56,428	24,854	4,328	6,912	640,683
Additions	–	59,163	363	5,438	944	199	72,581	138,688
Disposals	–	(34,858)	(907)	(13,451)	(1,841)	(336)	–	(51,393)
Exchange differences	9,467	2,045	21	–	8	35	90	11,666
At 31 March 2021	135,821	441,893	5,741	48,415	23,965	4,226	79,583	739,644
Accumulated depreciation and accumulated impairment								
At 1 April 2020	52,143	310,912	5,412	48,080	19,023	4,011	–	439,581
Charge for the year	4,982	42,949	714	3,158	2,132	183	–	54,118
Disposals	–	(32,980)	(907)	(12,034)	(1,726)	(336)	–	(47,983)
Exchange differences	4,525	1,218	20	–	8	20	–	5,791
At 31 March 2021	61,650	322,099	5,239	39,204	19,437	3,878	–	451,507
Net book amount								
At 31 March 2021	74,171	119,794	502	9,211	4,528	348	79,583	288,137

14 Property, plant and equipment (Continued)

Depreciation expenses were charged to the consolidated income statement as follows:

	2022 HK$'000	2021 HK$'000
Cost of sales	**57,270**	53,364
Administrative expenses	**758**	754
	58,028	54,118

15 Leases

(a) Right-of-use assets

	Group		
	Land use rights HK$'000	Buildings HK$'000	Total HK$'000
At 1 April 2020	47,697	3,551	51,248
Additions	–	2,601	2,601
Lease change	–	(964)	(964)
Depreciation	(1,136)	(2,416)	(3,552)
Exchange differences	1,278	(822)	456
At 31 March 2021	47,839	1,950	49,789
Additions	–	1,032	1,032
Depreciation	(1,172)	(2,472)	(3,644)
Exchange differences	271	3	274
At 31 March 2022	**46,938**	**513**	**47,451**

(b) Other amounts recognised in the income statement and statement of cash flows

	2022 HK$'000	2021 HK$'000
Interest expenses related to lease liabilities (included in finance costs)	**–**	81
Expenses related to short-term leases (included in administrative expenses)	**34**	34
Total cash outflow for leases	**(1,066)**	(1,407)

note:

As the rent amounts related to leases had been fully prepaid by the Group at the inception of lease agreements, there were no lease liabilities as at 31 March 2022 and 2021.

16 Investment in subsidiaries

	Company	
	As at 31 March	
	2022 HK$'000	2021 HK$'000
Unquoted investments, at cost	**83,330**	83,330

The amounts due from subsidiaries amounting to HK$487,560,000 (2021: HK$434,524,000) are non-trade in nature, unsecured, interest-free and repayable on demand.

Particulars of the subsidiaries as at 31 March 2022 are as follows:

Name	Date and place of incorporation/ establishment	Group's effective equity interest 2022	Group's effective equity interest 2021	Paid-up share/registered capital 2022	Paid-up share/registered capital 2021	Principal activities
Directly held:						
Value Creation Enterprises Limited*	12 April 2001 British Virgin Islands	**100%**	100%	**US$16,667**	US$16,667	Investment holding
Indirectly held:						
Maxhall Ltd.*	12 July 2000 British Virgin Islands	**100%**	100%	**US$1**	US$1	Investment holding
Mighty Resources Inc.*	27 October 2003 British Virgin Islands	**100%**	100%	**US$1**	US$1	Investment holding
Honor Tone Limited**	19 March 1992 Hong Kong	**100%**	100%	**HK$6,000,000**	HK$6,000,000	Electronics manufacturing
Value Chain Limited**	15 November 1999 Hong Kong	**100%**	100%	**HK$3,000,000**	HK$3,000,000	Investment holding
Honer Tone Electronics (Hui Yang) Enterprises Limited ("HTE") (note (a))***	15 September 2000 PRC	**100%**	100%	**HK$5,500,000**	HK$5,500,000	Investment holding
Huizhou Daya Bay Honor Tone Industrial Ltd. ("Daya Bay") (note (b))****	21 April 2006 PRC	**100%**	100%	**US$12,100,000**	US$12,100,000	Property holding and electronics manufacturing
Valuetronics Asia Limited**	7 May 2009 Hong Kong	**100%**	100%	**HK$20,000,000**	HK$20,000,000	Trading and provision of business services
Value Match Company Limited**	30 May 2014 Hong Kong	**100%**	100%	**HK$1**	HK$1	Investment holding
Valuetronics Vietnam Company Limited ("Valuetronics Vietnam")*****	16 October 2019 Vietnam	**100%**	100%	**VN$262,119,000,000**	VN$262,119,000,000	Electronics manufacturing

notes:

(a) HTE was established as a wholly foreign-owned enterprise in the PRC on 15 September 2000 with an operation period of 50 years commencing from 15 September 2000.

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

* Not required to be audited by law of country of incorporation. These subsidiaries are not material.

** The statutory financial statements of these subsidiaries were audited by PricewaterhouseCoopers.

*** The statutory financial statements of this subsidiary, prepared in accordance with generally accepted accounting principles in the PRC, were audited by **廣東榮德會計師事務所** (Guangdong Rongde Certified Public Accountants) for tax filing and annual registration purposes.

**** The statutory financial statements of this subsidiary, prepared in accordance with generally accepted accounting principles in the PRC, were audited by **惠州市恒正會計師事務所** (Huizhou Hengzheng Certified Public Accountants) for tax filing and annual registration purposes.

***** The statutory financial statements of this subsidiary, prepared in accordance with generally accepted accounting principles in Vietnam, were audited by PricewaterhouseCoopers (Vietnam) Limited.

17 Financial assets at fair value through profit or loss

	Group	
	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Financial asset at FVPL	**24,600**	24,000

As at 31 March 2022, the Group holds participating shares of a private equity fund with fair value of RMB20.0 million (equivalent to approximately HK$24.6 million) (2021: RMB20.0 million, equivalent to approximately HK$24.0 million). Given all relevant investment decision making power is rested with the management shareholder and investment manager. There is no mechanism in place that allow participating shareholder to participate in investment related decision making. The Group has neither significant influence nor joint control over this investment and therefore accounted for this investment as financial assets at FVPL.

The fair value is measured mainly based on prices from prior transactions.

18 Other non-current assets

	Group	
	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Prepayments for property, plant and equipment	**10,570**	4,358
Asset recognised from costs incurred to fulfil contracts	**8,289**	7,050
Others	**246**	3,532
	19,105	14,940

19 Inventories

	Group	
	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Raw materials	**206,097**	141,833
Work-in-progress	**24,994**	21,252
Finished goods	**42,417**	50,995
	273,508	214,080

The cost of inventories recognised as expense and included in 'cost of sales' amounted to HK$1,408,166,000 (2021: HK$1,573,442,000).

20 Trade receivables

	Group	
	As at 31 March	
	2022 HK$'000	2021 HK$'000
Trade receivables from contracts with customers	**432,180**	490,509
Less: credit loss allowance	**(1,499)**	–
	430,681	490,509

The Group normally grant credit periods ranging from 60 days to 120 days. The expected credit loss of trade receivables and the Group's exposure to credit risk are disclosed in Note 4.1(b)(ii).

As at 31 March 2022 and 2021, the aging analysis of trade receivables based on due date are as follows:

	Group	
	As at 31 March	
	2022 HK$'000	2021 HK$'000
Current portion	**401,743**	450,239
1 to 90 days	**30,437**	40,193
Over 90 days	**–**	77
	432,180	490,509

The carrying amounts of trade receivables are denominated in the following currencies:

	Group	
	As at 31 March	
	2022 HK$'000	2021 HK$'000
US$	**392,324**	434,101
RMB	**38,357**	56,408
	430,681	490,509

Movements on the Group's credit loss allowance for trade receivables are as follows:

	For the year ended 31 March 2022 HK$'000
As at 1 April 2021	**–**
Credit loss allowance recognised, net	**(1,499)**
As at 31 March 2022	**(1,499)**

20 Trade receivables (Continued)

The credit loss allowance of trade receivables as at 31 March 2022 is determined as follows:

	Group		
	As at 31 March 2022		
	Gross carrying amount HK$'000	Expected credit loss rate	Credit loss allowance HK$'000
By credit risk category			
– Type I	283,976	0.11%	306
– Type II	100,578	0.36%	361
– Type III	47,626	1.75%	832
	432,180		1,499

21 Cash and cash equivalents

	Group		Company	
	As at 31 March		As at 31 March	
	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000
Cash and cash equivalents	936,665	1,129,446	212	1,641

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	As at 31 March		As at 31 March	
	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000
US$	885,096	1,079,669	14	15
RMB	26,767	22,589	–	–
HK$	19,078	22,348	93	198
Vietnamese Dong ("VND")	4,781	2,493	–	–
Singapore Dollars ("S$")	907	2,274	105	1,428
Japanese Yen ("JPY")	36	73	–	–
	936,665	1,129,446	212	1,641

Conversion of RMB and VND into foreign currencies are subject to the rules and regulations of foreign exchange control promulgated by the PRC and Vietnam Governments respectively.

22 Deferred income tax

(a) Deferred income tax assets

	Group
	Lease liabilities HK$'000
At 1 April 2020	393
Charged to consolidated income statement (Note 11)	(393)
At 31 March 2021 and 2022	–

(b) Deferred income tax liabilities

	Group		
	Accelerated tax depreciation HK$'000	Right-of-use assets HK$'000	Total HK$'000
At 1 April 2020	7,564	347	7,911
Credited to consolidated income statement (Note 11)	(2,490)	(347)	(2,837)
At 31 March 2021	5,074	–	5,074
Credited to consolidated income statement (Note 11)	(2,100)	–	(2,100)
At 31 March 2022	**2,974**	**–**	**2,974**

The above deferred tax assets and deferred tax liabilities are offset in the consolidated statement of financial position as a consequence to the conditions in Note 3.14(c).

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$14,150,000 (2021: HK$9,247,000) in respect of losses amounting to HK$70,807,000 (2021: HK$49,088,000) that can be carried forward against future taxable income without expiries except for certain tax losses HK$70,470,000 (2021: HK$32,067,000) which will expire within five years.

23 Trade payables

The carrying amounts of trade payables are denominated in the following currencies:

	Group	
	As at 31 March	
	2022 HK$'000	2021 HK$'000
US$	**216,980**	272,654
HK$	**25,280**	67,214
RMB	**17,010**	20,537
JPY	**2,081**	3,454
Others	**1,382**	1,322
	262,733	365,181

As at 31 March 2022 and 2021, the aging analysis of trade payables based on invoice date are as follows:

	Group	
	As at 31 March	
	2022 HK$'000	2021 HK$'000
Within 1 year	**248,678**	356,881
1 to 2 years	**7,290**	1,479
2 to 3 years	**1,463**	3,401
Over 3 years	**5,302**	3,420
	262,733	365,181

24 Other payables and accruals

	Group		Company	
	As at 31 March		As at 31 March	
	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000
Accruals and other payables	**199,988**	243,065	**831**	457
Deposits received	**125,004**	102,139	**–**	–
Staff bonus payable	**13,750**	28,858	**–**	–
Bonus payable to directors	**18,982**	27,158	**–**	–
Provision for sales returns (note)	**15,175**	29,808	**–**	–
Provision for claims from customers (note)	**13,088**	15,184	**–**	–
	385,987	446,212	**831**	457

24 Other payables and accruals (Continued)

note:

Movements of the provisions are as follows:

	Group	
	Sales returns HK$'000	Claims from customers HK$'000
At 1 April 2020	31,469	18,229
Charge for the year	749	1,375
Settlements	(9)	–
Reversals	(2,401)	(4,420)
At 31 March 2021	29,808	15,184
Charge for the year	117	–
Settlements	(604)	–
Reversals	(14,146)	(2,096)
At 31 March 2022	**15,175**	**13,088**

25 Contract liabilities

The Group has recognised the following contract liabilities related to contracts with customers:

	Group	
	As at 31 March	
	2022 HK$'000	2021 HK$'000
Advance payments from customers with underlying performance obligations yet to be satisfied as at 31 March	**24,299**	24,191
Income recognised that was included in the contract liabilities balance at beginning of the financial year	**9,090**	21,686

26 Share capital

	Number of ordinary shares of HK$0.1 each	Amount HK$'000
Authorised		
At 1 April 2020, 31 March 2021 and 31 March 2022	1,900,000,000	190,000
Issued and fully paid		
At 1 April 2020	435,630,837	43,563
Issue of shares under ESOS (Note 27(a))	–	–
At 31 March 2021	435,630,837	43,563
Issue of shares under ESOS (Note 27(a))	–	–
At 31 March 2022	**435,630,837**	**43,563**

notes:

(a) Each ordinary share carries one vote.

(b) During the financial year ended 31 March 2022, the Company purchased 3,711,100 shares from open market. Total consideration of the treasury shares purchased is S$1,947,000 which is equivalent to approximately HK$11,120,000. The shares were purchased at an average price of S$0.523 per share, with prices ranging from S$0.510 to S$0.540.

27 Share-based compensation

The Company has share incentive plans for its employees, namely Employee Share Option Scheme ("ESOS") and Performance Share Plan ("PSP"). ESOS and PSP are collectively known as "Company Incentive Plans".

The particulars of the Company Incentive Plans are as follows:

(a) Equity-settled ESOS

The purpose is to provide incentives and rewards to eligible participants who contribute significantly to the growth and performance of the Group. Eligible participants include confirmed employees of the Group and Non-Executive Directors (including Independent Directors) ("ESOS Participants") selected by the remuneration committee of the Company (the "Committee"). The ESOS became effective on 6 February 2007 and expired on 5 February 2017. The expiry did not affect any options which had been granted thereunder. On 24 July 2017 a similar ESOS was approved by the shareholders of the Company which shall continue in force at the discretion of the Committee, subject to a maximum period of ten years from that date.

The right to subscribe for the ordinary shares of HK$0.1 each in the capital of the Company ("Shares") granted and to be granted to ESOS Participants pursuant to the ESOS ("Options") offered may only be accepted within 30 days from the date of the offer. The exercise period of the Options granted is determinable by the Committee, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of the grant of the Options.

27 Share-based compensation (Continued)

(a) Equity-settled ESOS (Continued)

The exercise price of the Options is determined by the Committee at equal to the average of the last dealt prices for the Shares on the SGX-ST over the five consecutive trading days immediately preceding the date of offer of the Options (the "Market Price") or at a discount to the Market Price provided that the maximum discount shall not exceed twenty percent (20%) of the Market Price and the shareholders of the Company in general meeting shall have authorised, in a separate resolution, the making of offers and grants of the Options under the ESOS at a discount not exceeding the maximum discount as aforesaid.

Details of the specific categories of options are as follows:

	Date of grant	Exercise period	Exercise Price		Number of outstanding share options	
			2022	**2021**	**2022**	**2021**
2016B	24 August 2015	25 August 2018 to 24 August 2025	**S$0.268**	S$0.268	**27,500**	27,500
2017C	18 August 2016	19 August 2019 to 18 August 2026	**S$0.379**	S$0.379	**132,000**	132,000
2018A	27 September 2017	28 September 2019 to 27 September 2027	**S$0.701**	S$0.701	**825,000**	875,000
2018B	27 September 2017	28 September 2020 to 27 September 2027	**S$0.701**	S$0.701	**2,070,000**	2,220,000
2019A	21 September 2018	22 September 2020 to 21 September 2028	**S$0.530**	S$0.530	**195,000**	195,000
2019B	21 September 2018	22 September 2021 to 21 September 2028	**S$0.530**	S$0.530	**2,050,000**	2,050,000
2020A	15 November 2019	16 November 2021 to 15 November 2029	**S$0.570**	S$0.570	**705,000**	730,000
2020B	15 November 2019	16 November 2022 to 15 November 2029	**S$0.570**	S$0.570	**2,390,000**	2,465,000
2021A	18 November 2020	19 November 2022 to 18 November 2030	**S$0.460**	S$0.460	**635,000**	660,000
2021B	18 November 2020	19 November 2023 to 18 November 2030	**S$0.460**	S$0.460	**1,765,000**	1,840,000
2022A	7 December 2021	8 December 2023 to 7 December 2031	**S$0.530**	–	**500,000**	–
2022B	7 December 2021	8 December 2024 to 7 December 2031	**S$0.530**	–	**1,390,000**	–
					12,684,500	11,194,500

27 Share-based compensation (Continued)

(a) Equity-settled ESOS (Continued)

If the Options remain unexercised after a period of ten years from the date of grant, the Options expire. Options are forfeited if the ESOS Participant leaves the Group before the Options vest.

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

	2022		2021	
	Number of Options	Weighted average exercise price S$	Number of Options	Weighted average exercise price S$
Outstanding at beginning of the year	**11,194,500**	**0.571**	9,494,500	0.596
Granted	**1,890,000**	**0.530**	2,500,000	0.460
Exercised	**–**	**–**	(625,000)	0.517
Forfeited	**(400,000)**	**0.608**	(175,000)	0.553
Outstanding at end of the year	**12,684,500**	**0.563**	11,194,500	0.571
Exercisable at end of the year	**6,004,500**	**0.613**	3,449,500	0.676

The weighted average share price at the date of exercise for Options exercised during the year was nil (2021: S$0.610). The Options outstanding at the end of the year have a weighted average remaining contractual life of 6.0 years (2021: 8.0 years) and the exercise price ranged from S$0.268 to S$0.701 (2021: S$0.268 to S$0.701). During the financial year ended 31 March 2022, Options were granted on 7 December 2021 and the estimated fair value of the Options on that date is S$271,017. During the financial year ended 31 March 2021, Options were granted on 18 November 2020 and the estimated fair value of the Options on that date is S$485,634.

These fair values were calculated using the Binomial Model. Expected volatility was determined by calculating the historical volatility of the share prices of the Company. The expected life used in the model has been adjusted, based on the Group's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The inputs into the model were as follows:

	2022A and 2022B	2021A and 2021B
Weighted average share price	**S$0.530**	S$0.575
Exercise price	**S$0.530**	S$0.460
Expected volatility	**35.85%**	37.50%
Expected life	**10 years**	10 years
Risk free rate	**1.71%**	0.95%
Expected dividend yield	**4.80%**	5.04%

27 Share-based compensation (Continued)

(b) Equity-settled PSP

The PSP was adopted on 28 July 2008 and replaced by a similar PSP approved by the shareholders of the Company on 24 July 2017. The PSP is targeted at executives in key positions who are able to drive the growth of the Group through innovation, creativity and superior performance. Eligible participants include confirmed employees of the Group and Non-Executive Directors (including Independent Directors) ("PSP Participants") who were selected by the Committee. The PSP shall remain in force at the discretion of the Committee, subject to a maximum period of ten years from the date of adoption. Under the PSP, the Committee may grant a contingent award of Shares of the Company ("Award") to the PSP Participant. Awards represent the right of a PSP Participant to receive fully paid Shares, their equivalent cash value or combinations thereof, free of charge, upon the PSP Participant achieving prescribed performance targets and/or service conditions or otherwise having performed well and/or made a significant contribution to the Group. PSP Participants are not required to pay for the grant of the Awards.

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

The Committee shall have the discretion to determine whether the performance target(s) has been satisfied (whether fully or partially) or exceeded. The Company shall on the date of release of an Award do any one or more of the following as it deems fit in its sole and absolute discretion:

(i) allot and issue the relevant Shares to the PSP Participant, and apply to the SGX-ST, for permission to deal in and for quotation of such Shares; and/or

(ii) deliver existing Shares to the PSP Participant, whether such existing Shares are acquired pursuant to a share purchase mandate or (to the extent permitted by law) held as treasury shares; and/or

(iii) subject to the prior approval of the Committee and at the Committee's absolute discretion, pay the equivalent value in cash (after deduction of any applicable taxes) to the PSP Participant, in lieu of the Shares to be issued or delivered to the PSP Participant.

There are no Awards outstanding at 31 March 2022 and 2021.

28 Reserves

Movement in the reserves of the Company are set out below.

	Company				
	Share premium HK$'000 (note (i))	Contributed surplus HK$'000 (note (ii))	Share-based compensation reserve HK$'000 (note (iii))	Retained earnings HK$'000	Total HK$'000
At 1 April 2021	164,515	67,239	12,254	231,753	475,761
Total comprehensive income for the year	–	–	–	146,224	146,224
Dividends paid (Note 13)	–	–	–	(87,125)	(87,125)
Share-based compensation	–	–	3,286	–	3,286
Forfeiture of share-based payment	–	–	(540)	540	–
At 31 March 2022	**164,515**	**67,239**	**15,000**	**291,392**	**538,146**
At 1 April 2020	163,918	67,239	9,116	224,221	464,494
Total comprehensive income for the year	–	–	–	90,142	90,142
Dividends paid (Note 13)	–	–	–	(82,650)	(82,650)
Exercise of share options (Note 27(a))	597	–	(971)	–	(374)
Share-based compensation	–	–	4,149	–	4,149
Forfeiture of share-based payment	–	–	(40)	40	–
At 31 March 2021	164,515	67,239	12,254	231,753	475,761

notes:

(i) Share premium

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is not distributable but may be applied in paying up unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonuses shares or in providing for the premiums payable on repurchase of shares.

(ii) Contributed surplus

Contributed surplus of the Company arose as a result of the restructuring exercise in prior years and represented the difference between the then consolidated net asset value of subsidiaries acquired, over the nominal value of the Company's shares issued in exchange therefor.

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

(iii) Share-based compensation reserve

The share-based compensation reserve represents the fair value of the actual or estimated number of unexercised Options and Awards granted to ESOS Participants and PSP Participants recognised in accordance with the accounting policy adopted for equity-settled share-based payments in Note 3.16 to the consolidated financial statements.

(iv) Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in Note 3.3 to the consolidated financial statements.

(v) Statutory reserve

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

29 Commitments

(a) Capital commitments

The Group has the following capital commitments at the end of the financial year:

	Group	
	As at 31 March	
	2022 HK$'000	2021 HK$'000
Acquisition of property, plant and equipment		
– contracted but not provided for	**23,644**	56,793

(b) Lease commitments

From 1 April 2019, the Group has recognised right-of-use assets for leases, except for short-term and low-value leases (Note 3.20, 15(b)). The future minimum lease payables under non-cancellable leases not recognised at the end of each financial year are as follows:

	Group	
	As at 31 March	
	2022 HK$'000	2021 HK$'000
Buildings		
– within 1 year	**611**	137

30 Related party transactions

In addition to those disclosed elsewhere in these financial statements, the following is a summary of significant related party transactions entered into between the Group and its related parties and the balances arising from related party transactions in the ordinary course of business and negotiated on terms mutually agreed with these related parties.

(a) Transactions with related parties:

	Group	
	2022 HK$'000	2021 HK$'000
Purchases of goods from		
– Nicecon Limited (note (a))	**2,855**	3,936
Purchases of services from		
– Concord Building Co., Ltd (notes (a) & (b))	**1,286**	1,512
Key management compensations		
– Salaries, wages, bonuses and allowances	**33,782**	49,312
– Retirement benefit scheme contributions and post-employment benefits	**72**	463
– Share-based compensation	**1,454**	1,602

30 Related party transactions (Continued)

(b) Balances with related parties:

	Group As at 31 March 2022 HK$'000	2021 HK$'000
Trade payables		
– Nicecon Limited (note (a))	**86**	1,283
Other payables and accruals		
– Concord Building Co., Ltd (notes (a) & (b))	**242**	882

notes:

(a) Beneficially owned by brothers of executive directors of the Company.

(b) In September 2019, the Group entered into the service agreement with Concord Building Co., Ltd to purchase project management consultancy services for the Vietnam campus.

SHAREHOLDERS' INFORMATION

AS AT 27 JUNE 2022

Authorised share capital	:	HK$190,000,000
Issued and fully paid-up capital	:	HK$43,563,084
Number of shares issued (excluding Treasury Shares)	:	428,707,937
Number/Percentage of Treasury Shares	:	6,922,900 (1.61%)
Class of shares	:	Ordinary share of HK$0.10 each
Voting rights	:	One vote per share
Subsidiary holdings	:	Nil

STATISTICS OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 – 99	34	0.72	1,697	0.00
100 – 1,000	255	5.44	159,258	0.04
1,001 – 10,000	1,905	40.64	11,611,900	2.71
10,001 – 1,000,000	2,463	52.54	128,880,719	30.06
1,000,001 and above	31	0.66	288,054,363	67.19
	4,688	100.00	428,707,937	100.00

SHAREHOLDERS' INFORMATION

AS AT 27 JUNE 2022

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	Tse Chong Hing	75,990,411	17.72
2.	Chow Kok Kit	32,000,361	7.46
3.	Raffles Nominees (Pte) Limited	28,823,401	6.72
4.	DBS Nominees Pte Ltd	25,098,023	5.85
5.	UOB Kay Hian Pte Ltd	21,037,788	4.91
6.	Citibank Nominees Singapore Pte Ltd	19,541,915	4.56
7.	HSBC (Singapore) Nominees Pte Ltd	11,872,120	2.77
8.	Leap International Pte Ltd	10,460,000	2.44
9.	iFast Financial Pte Ltd	8,708,400	2.03
10.	Phillip Securities Pte Ltd	7,362,150	1.72
11.	Hung Kai Wing	6,300,000	1.47
12.	ABN Amro Clearing Bank N.V.	5,766,440	1.34
13.	United Overseas Bank Nominees Pte Ltd	2,861,700	0.67
14.	Oon Hwee Boon Hazel (Wen Huiwen Hazel)	2,795,600	0.65
15.	Ho Su Chin	2,730,310	0.64
16.	OCBC Nominees Singapore Pte Ltd	2,562,550	0.60
17.	Chow Kok Kee	2,470,400	0.58
18.	Meston Loic Paul Thierry	2,300,000	0.54
19.	Jack Investment Pte Ltd	2,242,400	0.52
20.	Ho Kum Wing Eddie	1,960,000	0.46
		272,883,969	63.65

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tse Chong Hing	75,990,411	17.72	–	–	75,990,411	17.72
Chow Kok Kit	32,000,361	7.46	–	–	32,000,361	7.46

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

74.81% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

Additional Information on Director(s) seeking Re-election pursuant to Rule 720(6) of the Listing Manual of the SGX-ST

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information as required in Appendix 7.4.1 to the SGX-ST's Listing Manual in relation to Directors seeking re-election at the Company's forthcoming Annual General Meeting to be convened on 29 July 2022 is set out below:

NAME OF DIRECTOR	LOO CHENG GUAN	TAN SIOK CHIN	TSE CHONG HING
Date of appointment	24 July 2015	22 July 2014	25 August 2006
Date of last re-appointment (if applicable)	22 July 2019	14 August 2020	22 July 2019
Age	58	52	61
Country of principal residence	Singapore	Singapore	Hong Kong, SAR
The Board's comments on this appointment/re-appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The Board had assessed the Nominating Committee's recommendation of Mr Loo for re-appointment and was of the view that Mr Loo is independent. In the discharge of his duties as Director, he had actively participated in, questioned and sought clarification on matters discussed at Board and Board Committees meetings. Mr Loo had provided valuable contributions to the Board through his integrity, objectivity and professionalism. The Board is of the view that the present Board composition provides an appropriate balance and diversity of skills, gender, age, experience and expertise to meet the Group's operational and business needs.	The Nominating Committee and Board had assessed and were of the view that Ms Tan is independent as she had continued to demonstrate independence in judgement in the best interest of the Company. In the discharge of her duties as Director, she had actively participated in, questioned and sought clarification on matters discussed at Board and Board Committees meetings. Ms Tan had provided valuable contributions to the Board through her integrity, objectivity and professionalism. The Board is of the view that the present Board composition provides an appropriate balance and diversity of skills, gender, age, experience and expertise to meet the Group's operational and business needs. As the only female Director on the Board, the re-appointment of Ms Tan fulfills the Company's gender diversity objective.	The Board had considered the Nominating Committee's recommendation and assessment of the skills, experience, qualification, contribution and Peer Evaluation of Mr Tse's performance as Chairman and Managing Director. The Board is of the view that the present Board composition provides an appropriate balance and diversity of skills, gender, age, experience and expertise to meet the Group's operational and business needs. As a controlling shareholder of the Company, Mr Tse will continue to contribute to the growth and development of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-executive	Non-Executive	Executive – Chairman and Managing Director. Mr Tse is responsible for strategic planning and general management of the Group.

ADDENDUM TO THE ANNUAL REPORT 2022

NAME OF DIRECTOR	LOO CHENG GUAN	TAN SIOK CHIN	TSE CHONG HING
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director, Chairman of Nominating Committee and Member of Audit Committee and Remuneration Committee	Independent Non-Executive Director, Chairman of Remuneration Committee and Member of Audit Committee and Nominating Committee	Executive Chairman and Managing Director
Professional qualifications	Bachelor of Economics (Honours) degree & Master of Business Administration	Bachelor of Law (Honours) degree	Fellow of the Hong Kong Institute of Certified Public Accountants
Working experience and occupation(s) during the past 10 years	August 2020-Current: Executive Director of King Tower Asset Management (Singapore) Pte Ltd 2015-June 2021: Managing Director of Vermillion Gate Pte Limited (Mr Loo has stepped down as Managing Director in June 2021 and remained the sole director of Vermillion Gate Pte Limited) 2011-2015: Executive Director & Deputy CEO of C&G Environmental Protection Holdings Limited	Advocate and Solicitor, ACIES Law Corporation	Executive Director of Valuetronics Holdings Limited and subsidiaries
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil	75,990,411 shares in the listed issuer
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments including Directorships			
Past (for the last 5 years)	Independent Director of: – Datapulse Technology Limited (September 2018 to October 2020) – Mirach Energy Limited, which was delisted from SGX-ST on 30 September 2021 (May 2018 to October 2021) Director of Tradeline Technologies Pte Ltd (struck off)	Independent Non-Executive Director and Chairman of Design Studio Group Ltd	Nil

NAME OF DIRECTOR	LOO CHENG GUAN	TAN SIOK CHIN	TSE CHONG HING
Present	Independent Director of China First Capital Group Limited Executive Director of King Tower Asset Management (Singapore) Pte Ltd Non-Executive Chairman of 1Rockstead GIP Fund II Pte Limited Non-Executive Director of: – Vermilion Gate Pte Limited – Amalgam Capital Partners Pte Limited – Brash Asia Pte Limited – New Energy Capital Asia Pte Limited	Director of ACIES Law Corporation Non-Executive Director, Cosmosteel Holdings Limited	Executive Chairman and Managing Director of Valuetronics Holdings Limited and Group
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him/her or against a partnership of which he/she was a partner at the time when he/she was a partner or at any time within 2 years from the date he/she ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he/she was a director or an equivalent person or a key executive, at the time when he/she was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he/she ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him/her?	No	No	No

ADDENDUM TO THE ANNUAL REPORT 2022

NAME OF DIRECTOR	LOO CHENG GUAN	TAN SIOK CHIN	TSE CHONG HING
(d) Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such purpose?	No	No	No
(e) Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him/her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his/her part, or he/she has been the subject of any civil proceedings (including any pending civil proceedings of which he/she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his/her part?	No	No	No
(g) Whether he/she has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he/she has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

ADDENDUM TO THE ANNUAL REPORT 2022

NAME OF DIRECTOR	LOO CHENG GUAN	TAN SIOK CHIN	TSE CHONG HING
(i) Whether he/she has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him/her from engaging in any type of business practice or activity?	No	No	No
(j) Whether he/she has ever, to his/her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: –			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No	No
in connection with any matter occurring or arising during that period when he/she was so concerned with the entity or business trust?			
(k) Whether he/she has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive

Tse Chong Hing (Chairman and Managing Director)
Chow Kok Kit

Independent and Non-Executive

Ong Tiew Siam (Lead Independent Director)
Loo Cheng Guan
Tan Siok Chin

AUDIT COMMITTEE

Ong Tiew Siam (Chairman)
Tan Siok Chin
Loo Cheng Guan

NOMINATING COMMITTEE

Loo Cheng Guan (Chairman)
Ong Tiew Siam
Tan Siok Chin

REMUNERATION COMMITTEE

Tan Siok Chin (Chairman)
Ong Tiew Siam
Loo Cheng Guan

COMPANY SECRETARIES

Shirley Lim Keng San
Hazel Chia Luang Chew
Ocorian Services (Bermuda) Limited

REGISTERED OFFICE

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

BUSINESS OFFICE

Unit 9-11, 7/F
Technology Park, 18 On Lai Street
Shatin, New Territories
Hong Kong
Tel: (852) 2790 8278
Fax: (852) 2304 1851

BERMUDA SHARE REGISTRAR

Ocorian Management (Bermuda) Limited

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

SINGAPORE SHARE TRANSFER AGENT

B.A.C.S. Private Limited

77 Robinson Road
#06-03 Robinson 77
Singapore 068896

AUDITORS

PricewaterhouseCoopers

Certified Public Accountants and
Registered Public Interest Entity Auditor
22/F., Prince's Building
Central, Hong Kong
Partner-in-charge: Chong Heng Hon[(1)]

(1) Appointed with effect from the financial year ended 31 March 2021

VALUETRONICS HOLDINGS LIMITED
Unit 9-11, 7/F Technology Park, No. 18 On Lai Street,
Shatin, New Territories, Hong Kong
T 852 2790 8278 I F 852 2304 1851
www.valuetronics.com.hk