VALUETRONICS HOLDINGS LIMITED
ANNUAL REPORT 2018

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CORPORATE PROFILE

At Valuetronics, we believe we are amongst an emerging breed of Electronics Manufacturing Services ("EMS") providers, which focus on a proactive engagement with the market so as to understand market trends and initiate product-oriented solutions to meet the ever-changing needs of customers.

Established in 1992 and headquartered in Hong Kong, Valuetronics was listed on the SGX Mainboard in 2007. Over the years, Valuetronics has grown to an integrated 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, automotive products and medical equipments.

Our proactive philosophy in customer engagement leverages on our Design and Development ("D&D") capabilities, supported by integrated manufacturing capabilities from plastic tool fabrication and injection molding, metal stamping and machining, to surface mount technology and full turnkey finished product assembly. As a one-stop manufacturing solution provider, we are set 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 and customer range from emerging enterprises to top global multinational corporations is a testimony to the success in adopting this philosophy. It also further highlights our ability to accommodate customers' requirement 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, automotive and medical equipment 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. At Valuetronics, we deliver not 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 "Group") for the financial year ended 31 March 2018 ("FY2018").

REVIEW OF FY2018

In FY2018, Valuetronics has once again achieved a strong and creditable set of results across all segments, with the Group's revenue hitting a record high since its IPO to reach HK$2.85 billion, a 25.4% increase from HK$2.27 billion in the financial year ended 31 March 2017 ("FY2017"). Net profit attributable to shareholders for FY2018 has also grown to HK$204.7 million, an increase of 32.9%, from HK$154.1 million in FY2017.

The drivers for the Group's growth in FY2018 are attributed to the growth in consumer lifestyle products and smart LED lighting products with Internet-of-Things ("IoT") features in the Consumer Electronic ("CE") segment, and the increase in demand from some of the Industrial and Commercial Electronics ("ICE") customers, of which a major portion comes from our fast growing in-car connectivity modules that are used in the automotive industry, as well as printers.

The Group's overall gross profit margin remained stable at 14.5% for FY2018 as compared to 15.0% in FY2017. As at 31 March 2018, the Group had cash and bank deposits of HK$671.1 million. Of these cash and bank deposits, over 95% are placed in reputable financial institutions in Hong Kong, with the remaining placed in reputable financial institutions in the PRC. On an overall basis, net asset value per share rose from HK$2.2 as at 31 March 2017 to HK$2.5 as at 31 March 2018.

TRENDS, OPPORTUNITIES & CHALLENGES

The IoT megatrend is here to stay and is rapidly growing. IoT refers to how consumer devices and industrial equipment are increasingly being connected to the internet, and this opens up new opportunities and demands from consumers, companies and governments. The IoT enables information gathering and the use of software to manage devices in order to increase efficiency, enable new services or achieve other health, safety or environmental benefits.[1] As a result, more and more devices today are embedded with more sensors, chips and connectivity modules, so as to enhance the user experience and making them 'smart' devices. We have already seen this in the products that we are already manufacturing, such as Smart Lighting with IoT features, and in-car connectivity modules for the automotive industry.

As more and more customer's devices start to include IoT features, Valuetronics is well placed to ride on this trend to explore business opportunities to include more IoT products to our portfolio, leveraging on our deep engineering expertise that we have built up in the design and manufacturing of such smart devices. Therefore, as IoT becomes more prevalent across the board, we believe that both our CE and ICE segments will stand to benefit.

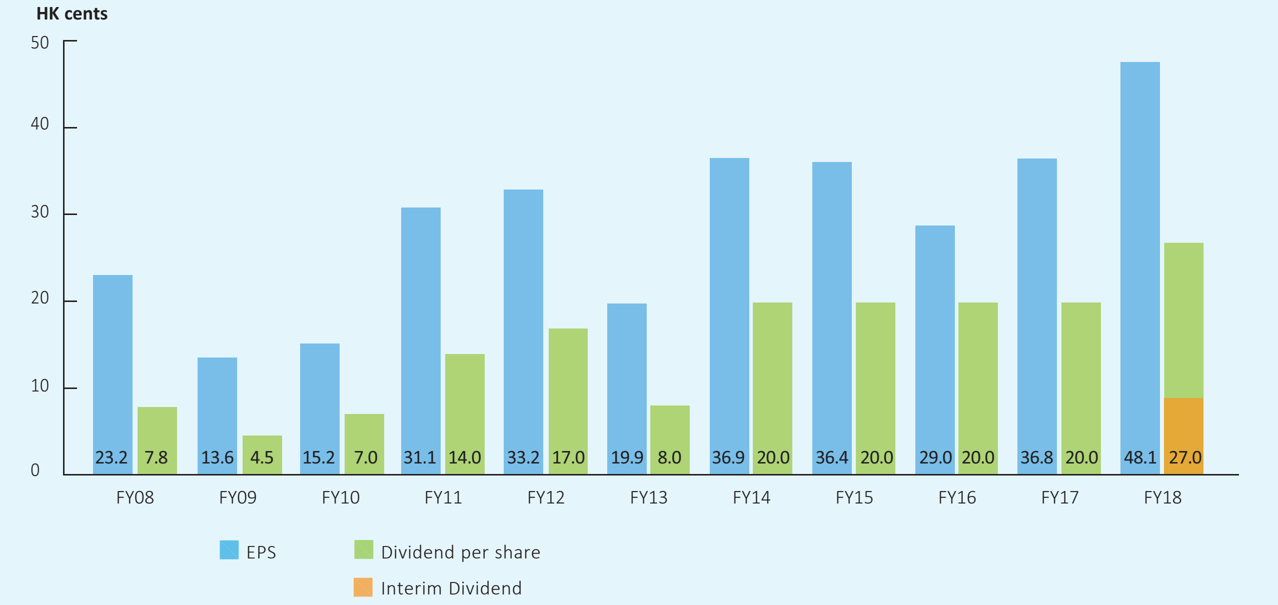
However, the IoT megatrend does not affect our customers alone, but also manufacturers like us. Together with Machine to Machine ("M2M") communications, the deployment of IoT helps manufacturers to increase automation, improve data communication and efficiency monitoring, and helps in self-diagnosis and analysis in order to be more productive and reduce the dependency on labour. This transformation of traditional industries like manufacturing using technology is part of Industry 4.0.[2] At Valuetronics, we have embraced Industry 4.0, which is why we are progressively introducing more automation and upgrading our Manufacturing Execution System ("MES"). The use of automation and an upgraded MES helps us to maintain consistent high quality standards and improve efficiency in our operations while allowing us to provide lean and flexible manufacturing services to meet our customers' needs.

As a service provider in terms of product development and product commercialisation, we work very closely with our customers in order to help them meet their business objectives, product life-cycle, and market entry goals. Our track record of excellent customer service has allowed us to steadily build up our customer base. The recognition of exemplary service by our automotive customer for example, has helped us access and be qualified by a second automaker customer of our automotive customer.

[1] http://www.goldmansachs.com/our-thinking/pages/internet-of-things/

[2] https://www.techradar.com/news/what-is-industry-40-everything-you-need-to-know

EARNINGS PER SHARE (EPS) AND DIVIDENDS PER SHARE



As we advance into the new financial year, there are opportunities opening up for us but also challenges ahead. These challenges include an uncertain global environment caused by geo-political and trade tensions, while at the industry level, there are supply chain challenges like rising raw material prices and extended procurement lead times. Whilst these challenges are beyond our control, we will deal with them systematically and mitigate downside risks by focusing on managing our costs and cash flows, while working very closely with our customers to come up with win-win solutions.

SUSTAINABILITY REPORTING

With reference to the Global Reporting Initiative ("GRI") Standards (2016) and in alignment to SGX-ST's Listing Rules – Sustainability Reporting Guide, the Group's sustainability report will be publicly accessible through Valuetronics' website, as well as on SGXNet in July 2018. As it is a key document on sustainability, we would like to encourage shareholders to read it together with the Annual Report, so as to better understand and appreciate the Group's sustainability approaches.

CASH MANAGEMENT

As part of our disciplined approach to financial resource management, we have maintained zero bank borrowings and our cash and bank deposits was HK$671.1 million as at 31 March 2018. For Valuetronics, cash is a strategic asset that helps us to create sustainable long term shareholder value. It is prudently deployed for the provision of sustainable dividends, for working capital and commercial contingency needs, and for investments in infrastructure, production machinery, equipment and software to expand capacity and increase efficiency as our business continues to grow. We are also maintaining a cash reserve to allow us to respond to merger and acquisition opportunities as and when they arise.

DIVIDEND

At Valuetronics, we always seek to recognise and reward our shareholders for their loyal support through the many years since our listing.

The Board is pleased to recommend a Final Dividend of 15 HK cents per share and a Special Dividend of 5 HK cents per share, which will be subjected to the approval of shareholders at the Annual General Meeting. On top of the Interim Dividend of 7 HK cents per share which was paid out to shareholders in December 2017, the aggregate dividend for FY2018 have increased by 35% to 27 HK cents per share as compared to 20 HK cents per share in FY2017.

CLOSING REMARKS

I would like to give my thanks and appreciation to the Board of Directors for their wise guidance and encouragement, the management and staff for their dedicated hard work to advance the Company to greater heights. To our customers, business associates and suppliers, I thank you for your strong support and confidence in us. Last but not least, I would also like to thank our shareholders for their unwavering support and trust over the years as we endeavour to continue to sustain strong returns for your investment in us.

TSE CHONG HING
Chairman and Managing Director

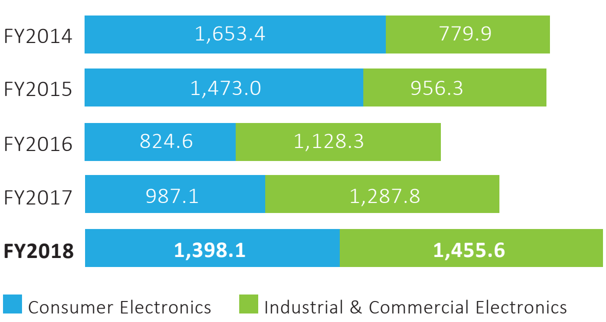
FINANCIAL HIGHLIGHTS

5 YEARS SUMMARY

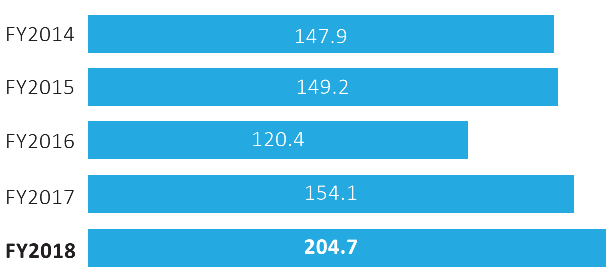
31 March		2014	2015	2016	2017	2018
RESULTS (HK$ MILLION)						
Revenue	Consumer Electronics	1,653.4	1,473.0	824.6	987.1	**1,398.1**
	Industrial & Commercial Electronics	779.9	956.3	1,128.3	1,287.8	**1,455.6**
	Total	2,433.3	2,429.3	1,952.9	2,274.9	**2,853.7**
Gross profit		326.8	331.4	297.5	341.7	**414.6**
Profit before tax		166.9	167.7	135.7	173.0	**229.7**
Profit attributable to owners of the Company		147.9	149.2	120.4	154.1	**204.7**
Cash generated from operations		311.8	190.0	309.7	169.5	**82.5**
ASSETS & LIABILITIES (HK$ MILLION)						
Total assets		1,421.5	1,522.7	1,506.0	1,823.0	**1,968.8**
Total liabilities		695.0	714.1	648.7	884.4	**906.8**
Total equity		726.6	808.5	857.3	938.6	**1,062.0**
Net cash(1)		477.9	505.8	689.3	752.9	**671.1**
PER SHARE DATA (HK CENTS)						
Earnings per share – basic		36.9	36.4	29.0	36.8	**48.1**
Dividend per share		20.0(2)	20.0(2)	20.0(3)	20.0(4)	**27.0**(5)
Net asset value per share		179.3	196.2	205.5	223.7	**247.5**
KEY RATIOS (%)						
Gross profit margin		13.4%	13.6%	15.2%	15.0%	**14.5%**
Net profit margin(6)		6.1%	6.1%	6.2%	6.8%	**7.2%**
Return on assets		10.4%	9.8%	8.0%	8.5%	**10.4%**
Return on equity		20.4%	18.5%	14.0%	16.4%	**19.3%**
Dividend payout ratio		49.3%	50.0%	63.0%	54.6%	**56.6%**

(1) Net cash is calculated by cash and bank deposits minus bank borrowings and overdrafts
(2) Included special dividend of HK 4 cents
(3) Included special dividend of HK 7 cents
(4) Included special dividend of HK 5 cents
(5) Included interim dividend of HK 7 cents and special dividend of HK 5 cents
(6) 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



REVENUE

The Group recorded an increase in revenue of 25.4% for FY2018, from HK$2,274.9 million in FY2017 to HK$2,853.7 million in FY2018.

The Group's Consumer Electronic ("CE") segment recorded 41.6% increase in revenue to HK$1,398.1 million in FY2018 from HK$987.1 million in FY2017. Strong performance in CE segment in FY2018 was driven by consumer lifestyle products and smart LED lighting products with Internet-of-Things ("IoT") features.

Industrial and Commercial Electronics ("ICE") revenue recorded an increase of 13.0% in revenue to HK$1,455.6 million in FY2018 from HK$1,287.8 million in FY2017. The growth in FY2018 was mainly driven by the increase in demand from some of our Industrial and Commerical customers.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's gross profit for FY2018 increased by 21.3% to HK$414.6 million, with a slight 0.5 percentage point decrease in gross profit margin to 14.5% (FY2017: 15.0%), as the results of change in product and sales mix.

OTHER INCOME AND GAINS, NET

The Group's other income increased by 11.9% to HK$15.2 million in FY2018, which was mainly due to the increase in interest income and net exchange gains.

SELLING AND DISTRIBUTION EXPENSES

The Group's selling and distribution expenses increased by 21.2% to HK$37.9 million in FY2018 (FY2017: HK$31.3 million), which was in line with the increase in revenue.

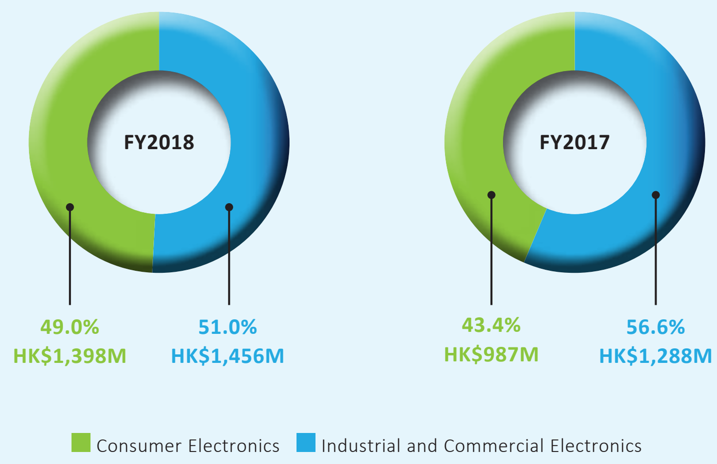
ADMINISTRATIVE EXPENSES

The Group's administrative expenses increased by 7.4% to HK$161.5 million in FY2018, which was mainly due to the increase in staff cost.

PROFIT FOR THE YEAR

As a result of the above, the Group's profit for the year increased by 32.9% to HK$204.7 million (FY2017: HK$154.1 million).

REVENUE CONTRIBUTION
HK$ MILLION



DIVIDEND

A final dividend of HK15.0 cents per share and a special dividend of HK5.0 cents per share are proposed for FY2018.Together with the Interim Dividend of HK7.0 cents per share paid in December 2017, aggregate dividend for FY2018 reached HK27.0 cents per share.

FINANCIAL POSITION AND CASH FLOWS

As at 31 March 2018, the Group had net current assets of HK$774.9 million compared to HK$734.0 million as at 31 March 2017. Total assets were recorded at HK$1,968.8 million as at 31 March 2018 (31 March 2017: HK$1,823.0 million) and shareholders' funds of HK$1,062.0 million as at 31 March 2018 (31 March 2017: HK$938.6 million).

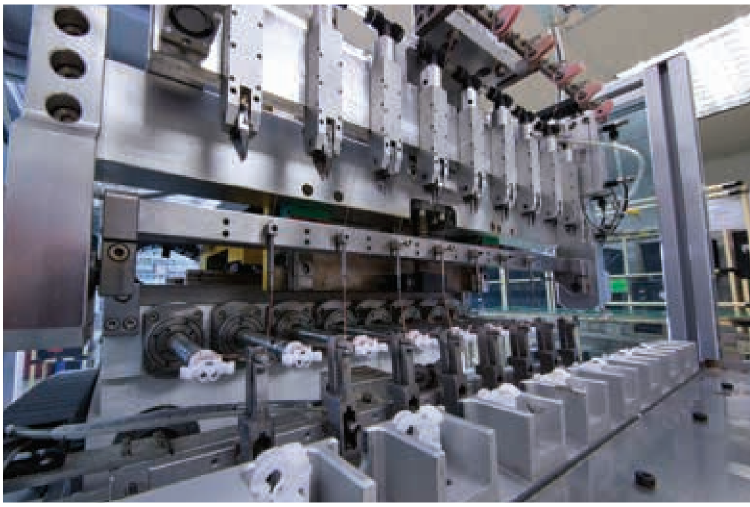
The Group's trade receivables increased by HK$96.5 million from HK$486.3 million as at 31 March 2017 to HK$582.8 million as at 31 March 2018. Trade payables decreased by HK$1.8 million from HK$484.7 million as at 31 March 2017 to HK$482.9 million as at 31 March 2018. The Group's inventories increased by HK$93.7 million from HK$291.9 million as at 31 March 2017 to HK$385.6 million as at 31 March 2018.

The working capital of the Group as at 31 March 2018, which is the sum of trade receivables and inventories less trade payables, was HK$485.5 million, compared to HK$293.5 million as at 31 March 2017. The increase in net working capital, reflecting the movement in trade receivables, inventories and trade payables, was in line with the revenue growth during the year.

As at 31 March 2018, the Group had cash and bank deposits of HK$671.1 million, increased from HK$752.9 million as at 31 March 2017. Over 95% of its cash and bank deposits were placed in reputable financial institutions in Hong Kong, with the remaining balance mainly placed in equivalent reputable financial institutions in the PRC. These cash and bank deposits are annually audited by the Group's auditors.

The Group has no bank borrowings as at 31 March 2018 (31 March 2017: Nil).

OPERATIONS REVIEW



Valuetronics ended FY2018 with a set of record breaking results that was driven by its operational excellence and strong demand from both Consumer Electronics, and Industrial and Commercial Electronics customers.

CONSUMER ELECTRONICS ("CE")

In FY2018, the strong performance in the Group's CE segment was driven by consumer lifestyle products and smart LED lighting products with Internet of Things ("IoT") features.

As the IoT trend continues, more and more consumer products are being rejuvenated and enhanced as smart products with connectivity. The development of these traditional CE products with IoT embedded features will create opportunities for the Group to expand its CE portfolio. With its deep design, development and manufacturing expertise, the Group is well positioned to support the rapid market penetration of these products.

INDUSTRIAL AND COMMERCIAL ELECTRONICS ("ICE")

The Group's ICE segment continued its steady growth momentum in FY2018, with an increase in the demand for ICE products such as printers, and connectivity modules used in automotive industry.

The Group automotive business continues to grow steadily with its successful qualification by a second automaker customer of its automotive customer. While the Group broadens and deepens its involvement with the automotive industry, it will continue to identify and cultivate new customers in the ICE segment in order to further boost its long term growth and customer diversification.

PROCESS IMPROVEMENTS

It is part of Valuetronics' culture to pursue continuous process improvement. As such, the Group makes a dedicated effort to making improvements across all its operations, including manufacturing, logistics, and quality systems. The following are some of these recent initiatives.

AUTOMATION

During the year, the Group successfully rolled out auto insertion and selective soldering technology in the PCBA manufacturing assembly line for its automotive products. The combination of auto insertion and selective soldering reduces labour dependency while improving consistency and quality. The Group will continue to upgrade its PCBA manufacturing by replacing manual insertion and wave soldering with automation, thus further reducing manpower and energy consumption.

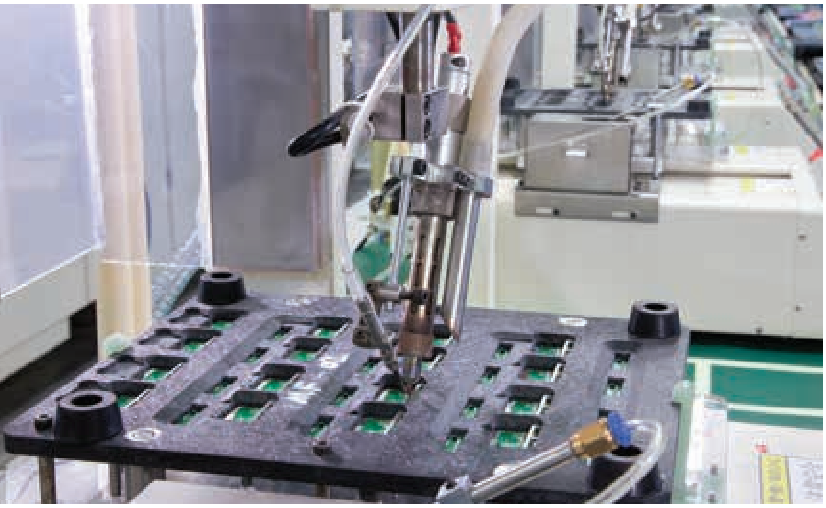
The Group also further strengthened the automation of its box-build assembly line by introducing its first in-house developed fully automated line for automotive products. This fully-automated line has been qualified by the Group's automotive customer and the customer's automaker customer. The automated line is developed and fabricated in-house based on a customised process platform that uses automation modules like robot arms and a visual system. This automated box-build assembly line helps the Group cope with ongoing quality enhancements under the TS16949 platform and the increasing volume of automotive products.

In the year to come, the Group will introduce a few more fully automated assembly lines, covering automotive products, printers, and consumer products. As certain customers increase their volume requirements, the Group will continue to look at automation to handle the increased demand. The Group plans to further enhance its automation platform to cater for mixed-model manufacturing whereby automated lines can undergo a quick changeover so as to switch between different product models. The Group is working towards completing a fully-automated line for mixed models for its automotive customer.

UPGRADED MANUFACTURING EXECUTION SYSTEM ("MES")

The Group is happy to report that the upgrading of its MES into the integrated AEGIS MES platform, which began at the end of FY2017 is progressing well. Phase 1 of the upgrade, which focused on SMT manufacturing was completed during FY2018, now allows for better efficiency monitoring, quality performance monitoring, material set up validation and material usage traceability.

We have kicked off Phase 2 of the MES upgrade which covers the logistics function. This involves the use of MES for material receiving process and material stock transactions as well as parts replenishment to SMT and casing production lines. The Group will also start on extending the MES implementation to its plastics manufacturing division to cover plastic resin batch traceability, manufacturing process control and preventative maintenance. The progressive roll out of an upgraded MES is a strategic investment by the Group to enhance its efficiency and to sustain the stringent quality levels of its products.



HUMAN CAPITAL

As China is the "World's Factory", a lot of global manufacturers have operations situated there in order to capitalise on its business ecosystem, such as the mature supply chain for components and its plentiful supply of workforce including operators and technicians. Similarly, as a EMS provider with a "design + manufacturing" business model, Valuetronics has benefitted from being part of the "World's Factory" and having access of to a rich supply of engineering resources at a reasonable cost.

However, as China develops and grows, labour cost will also naturally increase in tandem with standards of living. Although labour cost is not a very significant portion of its cost base, the Group has mitigated labour cost increases by engaging in automation initiatives so as to reduce its reliance on manpower, especially at the operator level.

The China government's "One Belt, One Road" initiative has also been accelerating the rate at which Chinese companies are going global and these unprecedented levels of expansion will see the demand for skilled, bilingual professionals continue to rise across all sectors and employment grades. There is also an increasing preference for Chinese candidates to work for Chinese companies because of their growth potential and local culture. If this trend continues, it will likely create a shortage of suitably skilled candidates, which will end up driving up salaries.

While recruiting skilled employees is increasingly become more challenging, we put more emphasis on retaining talents. Hence, creating career development opportunities and refining remuneration packages will be part of the Group's HR strategies in the coming year.

GLOBAL SUPPLY CHAIN CHALLENGES

The global manufacturing supply chain has been affected by a passive component shortage for a while now. One cause seems to be coming in part from increasing demand, across all sorts of market segments and the other cause is because component suppliers, which have previously been impacted by excessive capacity, have not fully expanded their capacity in anticipation of meeting this stronger demand. As a result, the market today is constrained, especially for components such as multilayer ceramic capacitors (MLCC), resistors, transistors, diodes, and memory chips, etc. This high demand has created widespread supplier allocation and although suppliers have added additional capacity, the situation will likely continue in the coming 12 months.

Therefore EMS providers like the Group, while benefitting from the IoT trend, have to contend with longer procurement lead times and price increases for components. In order to mitigate this situation, the Group has employed several strategies including leveraging its supplier relations and working very closely with customers. This includes enlisting the customer's cooperation to build buffer stock reserves for affected components and to obtain their authorisation to order components in advance.

OUTLOOK

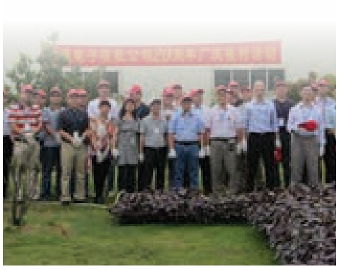
The Group expects automotive products to continue to remain as the primary driver for ICE growth with the increasing demand for in-car connectivity. The Group's automotive customer has recently undergone a corporate restructuring to become a technology company focusing on active safety, autonomous driving, enhanced user experiences and connected services. As such, the Group will further pursue opportunities in the future of mobility by providing vertical integrated services with its design and development capabilities.

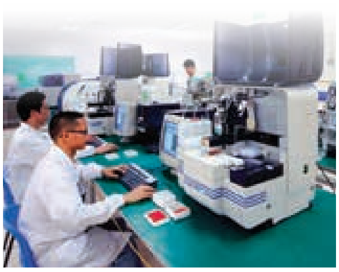
The Group remains optimistic on the growth prospects of consumer lifestyle products as its customer continues to launch new series of innovative products and increase their penetration in new markets including China.

However, the Group is conservative on smart LED lighting products, as its customer has signalled in their recent financial results disclosure of lower sales allowing for inventory reductions at their trade partners for the first quarter of the year, which will inevitably impact the Group's sales in the financial year ended 31 March 2019 ("FY2019"). However, the customer in the same disclosure also indicated their confidence in the long-term growth of smart LED lighting products and expects sales to normalise in the second half of 2018, which corresponds to the second and third quarters of the Group's FY2019.

The Group will continue to seek for opportunities to expand its product portfolio for both CE and ICE segments in line with opportunities presented by the global IoT trend. However, as a manufacturer with global sales, the Group is operating in an uncertain macro-economic environment caused by geo-political and trade tensions, also supply chain challenges such as rising raw material prices and extended procurement lead times. Nevertheless, the Group will continue to advance by focusing on operational improvements and working proactively with customers in navigating this dynamic macro-environment.

KEY MILESTONES





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 25 years of experience in finance and operations management in the electronics manufacturing industry. He is a Practising Member and 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 25 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 37 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 several companies 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 is an Advocate and Solicitor of the Supreme Court of Singapore and a Director of ACIES Law Corporation, a firm of advocates and solicitors, heading its corporate practice group. Ms Tan has over 20 years of experience in legal practice. Her main areas of practice are corporate finance, mergers and acquisitions, capital markets and commercial matters. Ms Tan is also an independent director of several other public companies listed on the SGX-ST. Ms Tan graduated from the National University of Singapore with a Bachelor of Law (Honours) degree.

MR LOO CHENG GUAN

Independent Director

Loo Cheng Guan is the founder and managing director of Vemilion Gate Pte Ltd. He is also lead independent director of Mirach Energy Limited, Chairman of 1 Rockstead GIP Fund II Pte Ltd, as well as Director of Amalgam Capital Partners Pte Ltd, Brash Asia Pte Ltd, Fortrec Capital Pte. Ltd and Fortrec Chemicals and Petroleum Pte Ltd. Having more than 25 years of experience in finance, management and business experience, Mr Loo has spent a significant portion of his career advising on mergers and acquisitions, growth strategies, as well as structuring and negotiating investments that achieve capital appreciation for investors. He is a member of Singapore Institute of Directors. Mr Loo holds a Bachelor of Economics (Honours) and MBA from Monash University in Melbourne.

MR HUNG KAI WING

Director, Honor Tone Limited

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 35 years of experience in plastic injection moulding and holds a Bachelor of Engineering degree from Shanghai Jiao Tong University, PRC.

MR HO YAM HIN

General Manager, Plastics Division (Retired on 30 June 2017)

Ho Yam Hin was the General Manager of our Plastics Division and he joined our Group in March 2000. He assisted Mr Wong Hing Kwai in the overall management of Plastics Division, including Metal and Mold Shops.

Mr Ho is a certified Six-Sigma Black Belt, jointly issued by City University of Hong Kong and Ralong Business Technology Academy in 2006, and has over 25 years of experience in plastic injection moulding. Mr Ho holds a Diploma in Plastic Industry Management jointly issued by Zhongshan University, PRC and the Hong Kong Plastics Technology Centre.

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 2 sites of factory operations in our Group. His areas of responsibilities include Production Management, Manufacturing Engineering, Production Control, Warehouse/Logistics, Industrial Engineering, Equipment Engineering 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 20 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 BRUCE YIP CHU LEUNG

Senior Business Unit Manager

Bruce Yip is one of our Group's Senior Business Unit Managers and he joined our Group in September 2009. He is responsible for the overall business management for one of the Group's business units.

Mr Yip has over 20 years of experience in program management and business development with various EMS companies. He holds a Master of Business Administration degree from the University of Warwick, UK, a Bachelor degree of Social Science from The Chinese University of Hong Kong.

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 a fellow member of CPA Australia and Hong Kong Institute of Certified Public Accountants. He graduated with a Bachelor degree in Commerce from Monash University in Australia.

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 reference to each of the principles set out in the Code of Corporate Governance 2012 (the "Code").

The Board confirms that it has adhered and complied with the principles and guidelines set out in the Code, other than deviations in respect of the following:

(i) Guideline 1.7

(ii) Guideline 3.1

(iii) Guideline 8.4

(iv) Guideline 9.2

(v) Guideline 14.3

(vi) Guideline 16.1

BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

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. Apart from its statutory duties and responsibilities, the Board also performs the following key functions:

(a) Oversee management of the business and affairs of the Group;

(b) Approve key strategic and operational matters, financial and funding decisions;

(c) Review business plans;

(d) Review and monitor financial performance;

(e) Oversee processes for evaluating the adequacy of internal controls and risk management, including financial reporting, operational, information technology and compliance risks;

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

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

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 as well as matters other than in the ordinary course of business.

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.

The Board objectively discharge its duties and responsibilities at all times as fiduciaries in the interests of the Company.

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. Each Board Committee functions within its own defined terms of reference and procedures. Board Committees are chaired by Independent Directors.

CORPORATE GOVERNANCE REPORT

The Board conducts regular scheduled meetings on a quarterly basis to coincide with the announcement of the Group's quarterly and full-year results and to keep the Board updated on business activities and the overall business environment in which the Group operates. 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 permits all persons participating in the meeting to communicate with each other simultaneously.

The attendances of the Directors at Board and Board Committees meetings during the financial year under review, are disclosed below:

Meeting of	**Board**	**AC**	**NC**	**RC**
No. of meetings held in FY2018	5	4	1	3
Executive Directors				
Tse Chong Hing	5	*4	*1	*3
Chow Kok Kit	5	*4	*1	*3
Independent Directors				
Ong Tiew Siam	5	4	1	3
Loo Cheng Guan	5	4	1	3
Tan Siok Chin	5	4	1	3

* Executive Directors are invited to attend all Board Committee meetings.

An introduction is provided to newly appointed Directors which includes visit to the Group's manufacturing facilities and briefing by Management on the Group's structure, businesses, operations and governance policies. To keep themselves apprised on the Group's business and developments, the Independent Directors make field visits to the Group's facilities on an annual basis.

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, talks organized by regulatory bodies and professional institutions, such as the Accounting and Corporate Regulatory Authority of Singapore ("ACRA"), Singapore Institute of Directors ("SID"), the Singapore Stock Exchange ("SGX") and public accounting firms, at the Company's expense.

Majority of the Directors have attended training courses/seminars conducted by regulatory bodies and professional institutions, such as ACRA, SID, SGX and public accounting firms. Such courses/seminars covered topics relating to, inter alia, new accounting standards, enterprise risk management, corporate governance updates, boardroom decisions, leadership, etc.

In preparation for Sustainability Reporting, all Directors and Senior Management have also attended relevant workshops conducted by the Group's consultant, BDO LLP.

The Company Secretary provides the Board with updates on changes to Listing Rules, Corporate Governance and other regulatory requirements, on a regular basis.

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.

Principle 2: Board Composition and Guidance

The Board currently comprises two Executive Directors and three Independent Directors:–

Name	Board Appointment	Date of appointment	Date of last re-election	AC	NC	RC
Tse Chong Hing	Chairman and Managing Director	25 Aug 2006	25 Jul 2016	–	–	–
Chow Kok Kit	Executive Director	25 Aug 2006	24 Jul 2017	–	–	–
Ong Tiew Siam	Independent Director	22 Jul 2014	24 Jul 2015	Chairman	Member	Member
Loo Cheng Guan	Independent Director	24 Jul 2015	25 Jul 2016	Member	Chairman	Member
Tan Siok Chin	Independent Director	22 Jul 2014	24 Jul 2017	Member	Member	Chairman

The Board considers its current Board structure, size and composition appropriate for the Group's present scope and nature of operations. The Board as a group, possess the right mix and balance of skills, experience, knowledge and gender diversity to provide the Company with the requisite business, management, financial, legal and industry knowledge.

In compliance with the Code, Independent Directors form more than half the Board. The independence of Directors is reviewed by the NC on an annual basis. Based on its assessment, the NC has determined that none of the Independent Directors has any relationship with the Company, its related corporations, officers or its shareholders with shareholdings of 10% or more of the voting shares of the Company, that could interfere, or reasonably perceived to interfere, with the exercise of the Director's independent business judgement.

In addition, the NC is tasked on annual basis, to assess the independence of any Director who has served on the Board beyond nine years, to particular rigorous review. None of the Independent Directors have served on the Board beyond 9 years from the date of his/her first appointment.

Independent and Non-executive Directors 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 Independent and Non-Executive Directors communicate amongst themselves both formally at scheduled meetings without the presence of Management and, informally via email or telephone on matters concerning the Company.

Principle 3: Chairman and Chief Executive Officer

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 ensure 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 Chairman –

- 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.

Mr Ong Tiew Siam has been appointed Lead Independent Director ("LID") to address shareholders' concerns on issues that cannot be appropriately dealt with by the Chairman and Managing Director or the Chief Financial Officer. When necessary, he facilitates meetings or discussions with the other Non-Executive Directors on board matters and provides his feedback to the Chairman after such meetings.

His other specific roles as LID are as follows:

(a) acts as liaison between the Non-Executive Directors and the Chairman and Managing Director and lead the Independent Directors 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 Non-Executive Directors 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.

Principles 4: Board Membership

The NC is regulated by a set of written terms of reference and comprises three Directors, all of whom are independent. The NC is chaired by an independent Director, Mr Loo Cheng Guan and its members comprise Ms Tan Siok Chin and Mr Ong Tiew Siam.

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

The responsibilities of the NC are as follows:

(a) to review the structure, size, composition 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 and the Executive Directors;

(f) to review the training and professional development programs for the Board;

(g) to assess the effectiveness of the Board as a whole and the contribution of each of the Directors to the effectiveness of the Board; and

(h) to determine if a Director who has multiple board representations is able to carry out and/or has adequately carried out his 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. The NC evaluates the suitability of candidates taking into account, his/her character, knowledge, skills, experience and, his/her ability and willingness to commit time to the Company, before making recommendation to the Board for approval.

The Bye-laws of the Company require all Directors to submit themselves for re-election at once in every three years. In particular, one-third of the Directors 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 six boards of listed companies. The NC has considered, and is of the opinion, that the limit of six 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.

The Company's Bye-laws provide for the appointment of alternate directors. In compliance with the Code, the Company generally avoids the appointment of alternate directors and should any appointment be made, it will be for limited periods only. No alternate director was appointed in FY2018.

The NC has adopted the Code's definition of "independent" for the review of Directors' independence. This review is conducted annually and, as and when required for any transaction in which any Director may have an interest. In its annual review for FY2018, the NC has determined Mr Ong Tiew Siam, Mr Loo Cheng Guan and Ms Tan Siok Chin to be independent.

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

Principle 5: Board Performance

The NC has in place a Board performance evaluation process where the effectiveness of the Board as a whole is assessed. This annual evaluation exercise provides an opportunity to obtain constructive feedback from each Director on whether the Board's procedures and processes allowed Directors to discharge their duties effectively and to propose changes which may be made to enhance Board effectiveness as a whole.

Performance evaluation for FY2018 was conducted by having all Directors complete a questionnaire covering the following areas –

- 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.

The NC, having reviewed the performance of the Board and Board Committees for FY2018 and determined that the Directors have demonstrated commitment to their roles and contributed effectively to the discharge of their duties.

Peer evaluation of Board members was conducted in FY2018. For this evaluation, each Board member completes a questionnaire in respect of every other Board member. The questionnaire required the evaluator to rate the Director he/she is evaluating based on his 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.

Based on the feedback received the Board performance evaluation, the Chairman, in consulting with the NC, proposes, where appropriate, new members to be appointed to the Board or seeks the resignation of directors.

No external facilitator was engaged by the Board for the evaluation.

Principle 6: Access to Information

Management provides the Board with complete and adequate information on a timely basis. Such information includes documents on matters to be discussed at Board meetings, which are circulated to Board members in advance.

The Board is provided with financial statements, management reports and relevant forecast and analysis of the Group on a quarterly basis. The Managing Director also provides updates on the Group's business, prospects and others developments impacting the Group, at scheduled meetings and, whenever circumstances warrant. Such reports enable the Board to be kept abreast of key issues and developments, as well as opportunities and challenges, to the Group and the industry.

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 expenses seek independent professional advice in furtherance of their duties.

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 matter for the Board as a whole.

REMUNERATION MATTERS

Principle 7: Formal and transparent procedure for fixing remuneration

The RC, is chaired by Ms Tan Siok Chin and and its members comprise Mr Loo Cheng Guan and Mr Ong Tiew Siam. All members of the RC are independent.

The RC is governed by written Terms of Reference which include reviewing and recommending to the Board the following –

(1) the general 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) remuneration of Non-executive and Independent Directors;

(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 may, during its review of remuneration of Directors and key management personnel, seek advice from external remuneration consultants and, as and when necessary. No external facilitator had been engaged by the Board to advise on remuneration matters in FY2018.

Principle 8: Level and Mix of Remuneration

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 performance targets and criteria such as the Group's profitability, return of shareholders' funds, new product development, penetration into new markets, 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 ("ESOS").

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.

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. 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.

Non-executive and Independent Directors ("INED") receive Directors' fees, which are subject to shareholders' approval at the AGM. Non-executive Directors' fees comprise a basic fee and, an additional fee for serving on any of the Board Committees. The fees take into account their responsibilities, effort and time accorded in discharging their duties and, market practices.

The fee structure for INEDs comprising 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.

Principle 9: Disclosure on Remuneration

In view of confidentiality and sensitivity attached to remuneration matters, the Board is of the view that it is not in the interest of the Company to disclose the remuneration of each Director and Key Management personnel.

A breakdown (in percentage terms) of Directors' remuneration and that of the Group's top 5 Key Management personnel who are not Directors, for the financial year ended 31 March 2018, falling within broad bands, are set out below –

(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$2,000,001 – S$2,500,000					
Chow Kok Kit	20%	79%	–	1%	100%
Between S$2,850,001 – S$3,000,000					
Tse Chong Hing	18%	80%	–	2%	100%

(B) Remuneration of top 5 Key Management personnel who are not Directors

Name	Salary (%)	Bonus (%)	Benefits* (%)	Total (%)
Below S$250,000				
Huang Jian Yuan	77%	8%	15%	100%
Between S$250,001 – S$500,000				
Lui Ka Ho Joseph	66%	11%	23%	100%
Between S$750,001 – S$1,000,000				
Wong Hing Kwai	12%	87%	1%	100%
Between S$1,000,001 – S$1,250,000				
Hung Kai Wing	28%	53%	19%	100%
Loic Meston	33%	55%	12%	100%

* Share-based payments are included in the column "Benefits" above.

In FY2018, the annual aggregate remuneration paid to the key management personnel (who are not Directors of the Company) was approximately S$3,837,000.

(C) Remuneration if immediate family members

There were no employees who were immediate family members of any Director or, the Managing Director, in FY2018.

The Company has in place two share schemes in the form of the ESOS and the Valuetronics Performance Share Plan ("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, and also set out in pages 69 to 72 of the Annual Report.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

In presenting the quarterly 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).

The Board has taken adequate steps to ensure compliance with legislative and regulatory requirements, including without limitation, the listing rules of the Singapore Exchange Securities Trading Limited ("**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.

Management provides all members of the Board with appropriate detailed management accounts, forecasts and analysis and relevant information/explanation on a regular basis and/or as and when required, to enable the Board to make informed assessment of the Group's performance, financial position and prospects.

In accordance with SGX-ST's requirements, the Board issued negative assurance statements in its quarterly financial results announcement, 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 statements were backed by written representations of the Managing Director and Chief Financial Officer.

Principle 11: Risk Management and Internal Controls

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.

A Risk Management Committee ("RMC") was established in FY2013, to review the adequacy and effectiveness of risk management activities within the Group. 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.

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 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.

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

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.

For FY2018, the Board has received assurance from the Managing Director (equivalent to CEO) and Chief Financial Officer that –

(a) the Company's financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) the Company's risk management, compliance and internal control systems are adequate and effective.

Based on the internal controls established and maintained by the Group, work performed by the Internal Auditors and External Auditors, and the reviews performed by Management and the RMC for FY2018, the Board, with the concurrence of the AC, is of the opinion that, as at the date of this report, the Group's internal controls, which address the Group's financial, operational, compliance and information technology risks and risk management systems, are effective and adequate in its current business environment.

Principle 12: Audit Committee

The AC comprises three Directors, all whom are independent. The Chairman of the AC is Mr Ong Tiew Siam and its members are Ms Tan Siok Chin and Mr Loo Cheng Guan.

The Chairman and the members of the AC possess relevant accounting or financial management expertise or experience to discharge their responsibilities.

The AC is regulated by a set of written terms of reference, which clearly sets out its authority and duties. 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 –

(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 systems, including financial, operational and compliance controls and risk management;

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

(d) To review and to report to the Board 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;

(e) 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;

(f) 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 raised and investigated, and for appropriate follow-up action to be taken;

(g) To review Interested Persons Transactions and to report its findings to the Board;

(h) To conduct annual reviews of the cost effectiveness of the audit, the 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

(i) 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 –

- the quarterly and full-year financial statements prior to submission to the Board;
- the annual audit plan of the External Auditors and Internal Auditors and the results of the audit performed by them;
- the effectiveness and adequacy of the Group's internal controls and risk management systems;
- audit and non-audit services 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 provides the AC with regular updates on changes in accounting standards and issues which have a direct impact on financial statements.

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 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 Company's External Auditors and Internal Auditors report their findings and recommendations to the AC independently. In FY2018, 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.

The Company's External Auditors, PricewaterhouseCoopers ("PwC"), did not provide any non-audit service for FY2018. The aggregate amount of audit service fees paid to PwC for FY2018 was HK$1,307,000.

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

In reviewing the nomination of PwC for re-appointment as External Auditors, the AC had considered the adequacy of resources, experience and competence of PwC and, had taken into account the Audit Quality Indicators relating to PwC at firm level and on audit engagement level.

Consideration was also given to –

- the experience of the engagement partner and key team members;
- industry specialization in the consumer and industrial products segment;
- total engagement, supervision and training hours; and
- independence requirements.

Based on the above, the AC has recommended to the Board the nomination of PwC for re-appointment as External Auditors at the forthcoming AGM.

No former partner or director of the External Auditors is a member of the AC.

Principle 13: Internal Audit

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 Internal Auditors have unrestricted access to all records, properties, information and receives co-operation from the Board, the AC, Management and staff, as necessary, to effectively discharge its responsibilities. The Internal Auditors conduct independent reviews, assessment and follow-up audit procedures on the Group's financial, operational, compliance and technology controls, and report the remediation status to the AC. The Internal Auditors' internal audit reports 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 Internal Auditors 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 reducing 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 and effectiveness of the internal audit function annually.

With the assistance of the Internal Auditors, the Group established a risk management framework to continuously monitor, manage and control risks. Management regularly reviews and updates key risks for the Group, and ensure 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.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

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.

Notices of general meetings are issued with the Annual Report or, relevant circulars and sent to shareholders within the prescribed time frame. Such notices are also published in a newspaper and posted on SGXNet and the Company's website at www.valuetronics.com.hk.

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

Principles 15: Communication with Shareholders

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 Code and the SGX-ST Listing Manual. The Group's 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 notifies shareholders in advance on the date of release of its financial results through announcement via SGXNet.

Immediately following its results announcement each quarter, 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 investment community, 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.

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. Annual Reports/Circulars are despatched to shareholders, together with the notice of the general meeting, explanatory notes or a circular on items of special business, within the prescribed time frame. The notices of the general meeting are also advertised in a Singapore newspaper.

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.

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 deem 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 16: Conduct of Shareholders' Meetings

Voting in absentia has not been implemented due to concerns on information control and security.

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 one significant proposal.

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 Directors, including the Chairman of the respective Board Committees and the External Auditors attend general meetings to address issues raised by shareholders. The external auditors is present at the annual general meeting to address shareholders' queries on the conduct of the audit and the preparation and conduct of the auditors' report.

The Company Secretary prepares minutes of general meetings which are available to shareholders present at the relevant meeting, upon request.

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 at least 2 weeks before the announcement of each of the Group's quarterly financial results and one month before the announcement of the Group's 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.

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 2018 (excluding transactions less than SG$100,000), are set out below.

Name of interested person	**Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)**	
	Year ended 31 March 2018 HK$'000	**Year ended 31 March 2017 HK$'000**
Purchase of goods from Nicecon Limited, which is beneficially owned by the brother of Mr. Chow Kok Kit	1,971	1,155

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 2018.

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 2017	At 31 March 2018	At 1 April 2017	At 31 March 2018
Name of Directors	**Ordinary shares of HK$0.10 each**			
Tse Chong Hing	69,082,192	75,990,411	–	–
Chow Kok Kit	29,091,238	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 2018.

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, 3,245,000 options to subscribe for shares in the Company were granted to the Company's executives and staff under the ESOS 2017. The Company issued and allotted 9,477,500 new ordinary shares pursuant to the exercise of options and 1,470,000 options credited for bonus issues adjustment during the financial year.

As at 31 March 2018, the Company has the following outstanding share options:

Date of grant	Exercise Price (Note 3)	Outstanding at 1 April 2017	Granted	Adjustment for Bonus Issues (Note 3)	Exercised	Outstanding at 31 March 2018
19 August 2014 (Note 1)	S$0.369	3,700,000	–	277,500	(3,977,500)	–
24 August 2015 (Note 1)	S$0.268	6,300,000	–	630,000	(3,162,500)	3,767,500
18 August 2016 (Note 1)	S$0.379	3,450,000	–	345,000	–	3,795,000
24 September 2017 (Note 1)	S$0.701	–	3,245,000	–	–	3,245,000
18 August 2016 (Note 2)	S$0.474	2,175,000	–	217,500	(2,337,500)	55,000
Total		15,625,000	3,245,000	1,470,000	(9,477,500)	10,862,500

Notes:
(1) 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.
(2) These Market Options were issued at the market price which was equal 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.
(3) 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.

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 2018, the Company has no outstanding Share Awards.

The vesting period of the above Share Awards are 1–2 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 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 re-appointment of PricewaterhouseCoopers as External Auditors of the Company for the financial year ending 31 March 2019 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 25 May 2018, 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	CHOW KOK KIT
Chairman	*Executive Director*

28 June 2018

STATEMENT BY **DIRECTORS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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 37 to 75, 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 2018 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

28 June 2018

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") set out on pages 37 to 75, which comprise:

- the consolidated and company statements of financial position as at 31 March 2018;
- 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 a summary of significant accounting policies.

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 2018, 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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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 matters identified in our audit are summarised as follows:

- Net realisable value of inventories
- Accruals and provisions

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Key Audit Matter	How our audit addressed the Key Audit Matter
Net realisable value of inventories	
Refer to note 3.8 "Summary of significant accounting policies – Inventories" and note 5(c) "Critical accounting estimates and judgements – Write-down of inventories" to the consolidated financial statements. At 31 March 2018, the Group held inventories of HK$385,637,000. 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.
Accruals and provisions	
Refer to note 3.15, 3.17 "Summary of significant accounting policies – Employee benefits, Provision" and note 5(d) "Critical accounting estimates and judgements – Provisions" to the consolidated financial statements. At 31 March 2018, the Group had other payables and accruals (including provisions) of HK$382,552,000. Accruals and provisions are liabilities of uncertain timing or amounts. Where the actual outcome in future is different from the original estimate, such differences will impact the carrying value and amount charged/written-back in the period in which such estimate is changed. We focused on this area because management applies judgements in determining the appropriate level of accruals and provisions based on historical data associated with products and services, information provided by customers, etc.	Our procedures to obtain evidence over the appropriateness of management's assumptions in determining the carrying values included the following. We – read the relevant legislations on employee benefits, customer claims on product quality, etc to support the value of legal or contractual obligations, – compared actual settlements to bank payments, – reconciled any reversals with actual unsettled amounts and justifications like lapse of time bars or claim periods, and – identified any events or indicators subsequent to the year-end leading to adjustments on estimated balances at the year-end date. Based on the above, we found that the accruals and provisions were estimated within a reasonable range of outcomes and consistent with the evidences 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 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, related safeguards.

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 Peter Man Kam Tsang.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 June 2018

CONSOLIDATED
INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 HK$'000	2017 HK$'000
Revenue	6	**2,853,667**	2,274,911
Cost of sales	8	**(2,439,067)**	(1,933,191)
Gross profit		**414,600**	341,720
Selling and distribution expenses	8	**(37,919)**	(31,294)
Administrative expenses	8	**(161,497)**	(150,415)
Other income and gains, net	7	**15,221**	13,598
Operating profit		**230,405**	173,609
Finance costs		**(684)**	(646)
Profit before income tax		**229,721**	172,963
Income tax expense	11	**(24,990)**	(18,896)
Profit for the year		**204,731**	154,067
Attributable to:			
Owners of the Company		**204,731**	154,067
Earnings per share for profit attributable to owners of the Company for the year		**HK cents**	HK cents
– Basic	12	**48.1**	36.8
– Diluted	12	**47.6**	36.5

The notes on pages 43 to 75 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 MARCH 2018

	2018 HK$'000	2017 HK$'000
Profit for the year	**204,731**	154,067
Other comprehensive income/(loss), net of tax		
Items that may be reclassified to profit or loss		
Currency translation differences	**7,352**	(4,140)
Total comprehensive income for the year	**212,083**	149,927
Attributable to:		
Owners of the Company	**212,083**	149,927

The notes on pages 43 to 75 are an integral part of these consolidated financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Note	Group 2018 HK$'000	Group 2017 HK$'000	Company 2018 HK$'000	Company 2017 HK$'000
ASSETS					
Non-current assets					
Land use rights	14	**18,673**	17,443	**–**	–
Property, plant and equipment	15	**209,648**	157,133	**–**	–
Interests in subsidiaries	16	**–**	–	**83,330**	83,330
Available-for-sale financial assets	17	**50,430**	17,142	**–**	–
Others		**15,676**	16,161	**–**	–
		294,427	207,879	**83,330**	83,330
Current assets					
Inventories	18	**385,637**	291,864	**–**	–
Trade receivables	19	**582,814**	486,275	**–**	–
Other receivables and prepayments		**34,799**	29,296	**365**	328
Due from subsidiaries	16	**–**	–	**395,622**	366,439
Available-for-sale financial assets	17	**–**	54,762	**–**	–
Cash and bank deposits	20	**671,087**	752,941	**337**	1,760
		1,674,337	1,615,138	**396,324**	368,527
Total assets		**1,968,764**	1,823,017	**479,654**	451,857
EQUITY					
Equity attributable to owners of the Company					
Share capital	24	**43,240**	38,439	**43,240**	38,439
Treasury shares	24	**(8,298)**	(8,268)	**(8,298)**	(8,268)
Reserves	26	**1,027,018**	908,403	**444,054**	421,232
Total equity		**1,061,960**	938,574	**478,996**	451,403
LIABILITIES					
Non-current liabilities					
Deferred income tax liabilities	21	**7,332**	3,294	**–**	–
Current liabilities					
Trade payables	22	**482,893**	484,708	**–**	–
Other payables and accruals	23	**382,552**	365,849	**658**	454
Current income tax liabilities		**34,027**	30,592	**–**	–
		899,472	881,149	**658**	454
Total liabilities		**906,804**	884,443	**658**	454
Total equity and liabilities		**1,968,764**	1,823,017	**479,654**	451,857
Net current assets		**774,865**	733,989	**395,666**	368,073
Total assets less current liabilities		**1,069,292**	941,868	**478,996**	451,403

The notes on pages 43 to 75 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE YEAR ENDED 31 MARCH 2018

	Attributable to owners of the Company								
				Reserves					
	Share capital HK$'000 (Note 24)	Treasury shares HK$'000 (Note 24)	Share premium HK$'000 (Note 26(i))	Share-based compensation reserve HK$'000 (Note 26(iii))	Currency translation reserve HK$'000 (Note 26(iv))	Statutory reserve HK$'000 (Note 26(v))	Retained earnings HK$'000	Subtotal HK$'000	Total HK$'000
For the year ended 31 March 2018									
Balance at 1 April 2017	38,439	(8,268)	130,791	10,342	14,219	3,427	749,624	908,403	938,574
Total comprehensive income for the year	–	–	–	–	7,352	–	204,731	212,083	212,083
Dividends paid (note 13)	–	–	–	–	–	–	(114,134)	(114,134)	(114,134)
Issue of bonus shares (note 24)	3,853	(30)	(3,823)	–	–	–	–	(3,823)	–
Issue of shares on exercise of share options (note 25(a))	948	–	18,963	–	–	–	–	18,963	19,911
Transfer to share premium upon exercise of share options	–	–	9,134	(9,134)	–	–	–	–	–
Share-based compensation	–	–	–	5,526	–	–	–	5,526	5,526
Transfer to statutory reserve	–	–	–	–	–	672	(672)	–	–
	4,801	(30)	24,274	(3,608)	7,352	672	89,925	118,615	123,386
Balance at 31 March 2018	43,240	(8,298)	155,065	6,734	21,571	4,099	839,549	1,027,018	1,061,960

The notes on pages 43 to 75 are an integral part of these consolidated financial statements.

	Attributable to owners of the Company								
				Reserves					
	Share capital HK$'000 (Note 24)	Treasury shares HK$'000 (Note 24)	Share premium HK$'000 (Note 26(i))	Share-based compensation reserve HK$'000 (Note 26(iii))	Currency translation reserve HK$'000 (Note 26(iv))	Statutory reserve HK$'000 (Note 26(v))	Retained earnings HK$'000	Subtotal HK$'000	Total HK$'000
For the year ended 31 March 2017									
Balance at 1 April 2016	38,014	(1,980)	120,522	7,829	18,359	3,063	671,492	821,265	857,299
Total comprehensive income for the year	–	–	–	–	(4,140)	–	154,067	149,927	149,927
Dividends paid (note 13)	–	–	–	–	–	–	(75,843)	(75,843)	(75,843)
Issue of shares on exercise of share options (note 25(a))	425	–	6,394	–	–	–	–	6,394	6,819
Transfer to share premium upon exercise of share options	–	–	3,875	(3,875)	–	–	–	–	–
Share-based compensation	–	–	–	6,660	–	–	–	6,660	6,660
Lapse of share options	–	–	–	(272)	–	–	272	–	–
Transfer to statutory reserve	–	–	–	–	–	364	(364)	–	–
Purchase of treasury shares	–	(6,288)	–	–	–	–	–	–	(6,288)
	425	(6,288)	10,269	2,513	(4,140)	364	78,132	87,138	81,275
Balance at 31 March 2017	38,439	(8,268)	130,791	10,342	14,219	3,427	749,624	908,403	938,574

The notes on pages 43 to 75 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE YEAR ENDED 31 MARCH 2018

	2018 HK$'000	2017 HK$'000
Cash flows from operating activities		
Profit before income tax	229,721	172,963
Adjustments for:		
Amortisation on land use rights	462	455
Depreciation on property, plant and equipment	37,066	30,115
Gain on disposals of property, plant and equipment	(513)	(559)
Share-based compensation	5,526	6,660
Interest income	(8,800)	(7,551)
	263,462	202,083
Changes in working capital:		
Increase in inventories	(93,773)	(93,182)
Increase in trade receivables	(96,539)	(143,120)
Increase in other receivables and prepayments	(5,503)	(22,139)
(Decrease)/increase in trade payables	(1,815)	198,499
Increase in other payables and accruals	16,703	27,315
Net cash generated from operations	82,535	169,456
Income tax paid	(19,006)	(8,920)
Net cash generated from operating activities	63,529	160,536
Cash flows from investing activities		
Purchase of property, plant and equipment	(82,387)	(43,786)
Proceeds from disposals of property, plant and equipment	587	2,419
Addition of available-for-sale financial assets	(42,800)	–
Redemption of available-for-sale financial assets	64,274	10,606
Addition of short-term bank deposits	(423,489)	–
Redemption of short-term bank deposits	307,233	–
Interests received	8,800	7,551
Net cash used in investing activities	(167,782)	(23,210)
Cash flows from financing activities		
Purchase of treasury shares	–	(6,288)
Dividends paid	(114,134)	(75,843)
Proceeds from shares issued in exercise of share options	19,911	6,819
Net cash used in financing activities	(94,223)	(75,312)
Net (decrease)/increase in cash and cash equivalents	(198,476)	62,014
Cash and cash equivalents at beginning of the financial year	752,941	689,260
Effect of foreign exchange rate changes	366	1,667
Cash and cash equivalents at end of the financial year	554,831	752,941

The notes on pages 43 to 75 are an integral part of these consolidated 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 Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The address of its principal place of business is Unit 9-11, 7/F., Technology Park, 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 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 28 June 2018.

2 Basis of preparation

(a) Compliance with IFRS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale financial assets which are measured at fair value.

(c) New standards, amendments to standards and interpretations

The following amendments to standards are mandatory for the first time for the financial year beginning 1 April 2017:

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IFRS 12	Disclosure of Interest in Other Entities

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

2 Basis of preparation (Continued)

(c) New standards, amendments to standards and interpretations (Continued)

The following new standards, amendments to standards and interpretations have been issued but are not yet effective for the financial year beginning 1 April 2017 and have not been early adopted:

Amendments to IAS 19	Employee Benefits' on Plan Amendment, Curtailment or Settlement(2)
Amendments to IAS 28	Investments in Associates and Joint Ventures(1)
Amendments to IAS 40	Transfers of Investment Property(1)
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions(1)
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts(1)
IFRS 9	Financial Instruments(1)
Amendment to IFRS 9	Prepayment Features with Negative Compensation(2)
IFRS 15	Revenue from Contracts with Customers(1)
Amendment to IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers(1)
IFRS 16	Leases(2)
IFRS 17	Insurance Contracts(3)
IFRIC 22	Foreign Currency Transactions and Advance Consideration(1)
IFRIC 23	Uncertainty over Income Tax Treatments(2)
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture(4)

(1) Effective for the annual periods beginning on or after 1 January 2018
(2) Effective for the annual periods beginning on or after 1 January 2019
(3) Effective for the annual periods beginning on or after 1 January 2021
(4) No mandatory effective date yet but available for adoption

IFRS 9 Financial Instruments

Nature of change

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

Impact

The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 April 2018:

The majority of the Group's debt instruments that are currently classified as available-for-sale will satisfy the conditions for classification as at fair value through other comprehensive income ("FVOCI") and hence there will be no change to the accounting for these assets. However, certain investments which do not meet the criteria to be classified as at FVOCI will have to be reclassified to financial assets at fair value through profit or loss ("FVPL").

There will be no material impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group currently does not have any such liabilities. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

2 Basis of preparation (Continued)

(c) New standards, amendments to standards and interpretations (Continued)

IFRS 9 Financial Instruments (Continued)

Impact (Continued)

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the Group does not expect a significant impact on the loss allowance compared with current practice.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

IFRS 15 Revenue from Contracts with Customers

Nature of change

This is a new standard for the recognition of revenue and will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts and the related literature.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

IFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) Identify the contracts with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations; and (5) Recognise revenue when performance obligations are satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

IFRS 15 provides specific guidance on contract costs and licence arrangements. It also includes a cohesive set of disclosure requirements about nature, amount, timing and uncertainty of revenue and cash flows arising from entity's contracts with customers.

Impact

Based on the assessments undertaken to date, the Group does not expect a significant impact on the timing and amounts of revenue recognition compared with current practice.

IFRS 16 Leases

Nature of change

IFRS 16 will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

2 Basis of preparation (Continued)

(c) New standards, amendments to standards and interpretations (Continued)

IFRS 16 Leases (Continued)

Impact

The standard will affect primarily the accounting for the Group's operating leases. As at 31 March 2018, the Group has non-cancellable operating lease commitments of approximately HK$2,345,000 (Note 27(b)).

There are no other new standards, amendments to existing standards or interpretations that are not yet effective and would be expected to have a material impact on these consolidated financial statements.

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 consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group 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.

When the Group ceases to have 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 profit or loss. 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 Summary of significant accounting policies (Continued)

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.

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 profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(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 Summary of significant accounting policies (Continued)

3.4 Land use rights

Land use rights represent prepayments for operating leases and are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Cost represents consideration paid for the rights to use the land on which various plants and buildings are situated. Amortisation of land use rights is calculated on a straight-line basis over the period of the land use rights of 50 years.

3.5 Property, plant and equipment

Property, plant and equipment is 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.

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.

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
Plant and machinery	2-10 years
Computers	2 years
Furniture and fittings	5 years
Office equipment	5 years
Motor vehicles	3 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 3.6).

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

3.6 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 Summary of significant accounting policies (Continued)

3.7 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The Group's financial assets primarily comprise loans and receivables and available-for-sale financial assets.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amount that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables and cash and bank deposits in the statement of financial position.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(b) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as "other income and gains, net".

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

3 Summary of significant accounting policies (Continued)

3.7 Financial assets (Continued)

(d) Impairment of financial assets

(i) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(ii) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

3 Summary of significant accounting policies (Continued)

3.8 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.

3.9 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 fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

3.10 Cash and cash equivalents

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

3.11 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.

3.12 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.

3.13 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 Summary of significant accounting policies (Continued)

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. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

(i) Inside basis differences

Deferred income tax is recognised, 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. 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 income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(ii) Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3 Summary of significant accounting policies (Continued)

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 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.

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

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

(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 issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

3 Summary of significant accounting policies (Continued)

3.17 Provision

Provisions 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 has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

3.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The revenue recognition policies applied by the Group for each of these activities are as follows:

(a) Sales of goods and materials

Revenue from the sales of manufactured goods and trading of raw materials are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

(b) Services

Revenues are recognised when services are rendered.

(c) Interest income

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

3.19 Leases

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

3.20 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$, United States dollars ("US$") 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 2018, if the RMB had weakened/strengthened 1 per cent against the US$ with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$146,000 (2017: HK$17,000) lower/higher, arising mainly as a result of the net foreign exchange differences on bank balances, receivables and payables denominated in RMB.

(ii) Price risk

The Group's available-for-sale financial assets 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 2018, if the market price of the available-for-sale financial assets at that date had been increased/decreased by 5 per cent with all other variables held constant, the consolidated other comprehensive income would increase/decrease by approximately HK$2,522,000 (2017: HK$3,595,000) arising as a result of gain/loss on available-for-sale financial assets.

(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 bank balances. Certain of the Group's bank deposits bear interests at fixed interest rates and therefore are subject to fair value interest rate risks. The bank deposits bear interests at fixed interest rates ranging from approximately 1.07% to 2.40% (2017: 1.01% to 1.46%) per annum as at 31 March 2018. Other than these bank deposits, the bank balances 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 2018, 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$332,000 (2017: HK$327,000) higher/lower, arising mainly as a result of higher/lower interest income on bank balances.

4 Financial risk management (Continued)

4.1 Financial risk factors (Continued)

(b) Credit risk

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

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. As at 31 March 2018, the five largest trade receivables represent approximately 68% (2017: 64%) of the total trade receivables. The Group performs ongoing credit evaluation of its customers' financial condition and requires no collateral from its customers. The allowance for doubtful debts is based upon a review of the expected collectibility of all trade and other receivables.

The credit risk on bank and cash balances is limited because the counterparties are banks with acceptable credit-ratings assigned by international credit-rating agencies.

(c) Liquidity risk

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

The 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
Group				
At 31 March 2018				
Trade payables	**482,893**	**–**	**–**	**–**
Other payables and accruals	**202,389**	**–**	**–**	**–**
At 31 March 2017				
Trade payables	484,708	–	–	–
Other payables and accruals	213,158	–	–	–
Company				
At 31 March 2018				
Other payables and accruals	**658**	**–**	**–**	**–**
At 31 March 2017				
Other payables and accruals	454	–	–	–

4 Financial risk management (Continued)

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 bank deposits. 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 (2017: Nil) and the debt-to-adjusted capital ratio has not been disclosed.

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 2018, 73% (2017: 72%) 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 2018 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 2018				
Available-for-sale financial assets	**38,630**	**–**	**11,800**	**50,430**
At 31 March 2017				
Available-for-sale financial assets	71,904	–	–	71,904

There were no transfers between different levels during the year.

The carrying amounts of the Group's current financial assets including cash and bank deposits 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

	Loans and receivables HK$'000	Available-for-sale HK$'000	Total HK$'000
Assets as per statement of financial position			
At 31 March 2018			
Available-for-sale financial assets	**–**	**50,430**	**50,430**
Trade and other receivables	**599,762**	**–**	**599,762**
Cash and bank deposits	**671,087**	**–**	**671,087**
At 31 March 2017			
Available-for-sale financial assets	–	71,904	71,904
Trade and other receivables	501,888	–	501,888
Cash and bank deposits	752,941	–	752,941

	Financial liabilities at amortised cost HK$'000
Liabilities as per statement of financial position	
At 31 March 2018	
Trade and other payables	**685,282**
At 31 March 2017	
Trade and other payables	697,866

5 Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) 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.

(b) Impairment of receivables

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

5 Critical accounting estimates and judgements (Continued)

(c) 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.

(d) 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.

(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 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

	Consumer Electronics HK$'000	Industrial and Commercial Electronics HK$'000	Total HK$'000
Year ended 31 March 2018			
Revenue (from external customers)	**1,398,129**	**1,455,538**	**2,853,667**
Segment profit	**136,696**	**256,762**	**393,458**
Year ended 31 March 2017			
Revenue (from external customers)	987,089	1,287,822	2,274,911
Segment profit	100,266	227,431	327,697

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

6 Segment information (Continued)

Reconciliation of segment profit to profit for the year:

	2018 HK$'000	2017 HK$'000
Segment profit	**393,458**	327,697
Unallocated corporate expenses		
– staff costs	**(144,778)**	(131,297)
– income tax expense	**(24,990)**	(18,896)
– others	**(18,959)**	(23,437)
Profit for the year	**204,731**	154,067

Geographical information:

	Revenue		Non-current assets (other than financial instruments)	
	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000
United States of America	**1,195,566**	1,047,630	**–**	–
PRC	**893,953**	670,995	**225,589**	171,228
Poland	**200,524**	113,262	**–**	–
Hong Kong	**107,707**	175,641	**18,408**	19,509
France	**86,397**	17,776		
Germany	**47,489**	25,528	**–**	–
South Korea	**37,757**	21,524	**–**	–
Other countries	**284,274**	202,555	**–**	–
Total	**2,853,667**	2,274,911	**243,997**	190,737

During the financial year ended 31 March 2018, the Group's external revenue amounting to approximately HK$2,048 million (2017: HK$1,566 million) was generated from four (2017: four) major customers, each of which accounted for 10% or more of the Group's total external revenue. This revenue was attributable to both Consumer Electronics and Industrial and Commercial Electronics segments.

7 Other income and gains, net

	2018 HK$'000	2017 HK$'000
Interest income	**8,800**	7,551
Rework income	**403**	1,247
Sales of scrap materials	**1,207**	894
Sundry income	**547**	854
Gain on disposals of property, plant and equipment	**513**	559
Net exchange gain	**3,751**	2,493
	15,221	13,598

8 Expenses by nature

	2018 HK$'000	2017 HK$'000
Change in inventories of finished goods and work-in-progress	(21,910)	(53,441)
Raw materials and consumables used	2,129,920	1,711,122
Amortisation on land use rights	462	455
Depreciation on property, plant and equipment	37,066	30,115
Auditors' remuneration		
– audit services	1,715	1,599
– non-audit services	–	50
Operating lease charges	2,201	2,279
Staff costs, excluding directors' remuneration (Note 9)	351,582	302,496
Directors' remuneration (Note 10)	29,477	19,281
Others	107,970	100,944
Total cost of sales, selling and distribution expenses and administrative expenses	2,638,483	2,114,900

9 Staff costs, excluding directors' remuneration

	2018 HK$'000	2017 HK$'000
Salaries, wages, bonus and allowances	331,967	281,654
Retirement benefit scheme contributions	14,089	14,182
Share-based compensation	5,526	6,660
	351,582	302,496

10 Directors' remuneration

	2018 HK$'000	2017 HK$'000
Independent directors		
– fee	1,317	1,141
Executive directors		
– salaries, wages, bonus and allowances	28,124	18,104
– retirement benefit scheme contributions	36	36
	29,477	19,281

11 Income tax expense

	2018 HK$'000	2017 HK$'000
Current tax		
– Hong Kong profits tax	13,754	13,454
– PRC enterprise income tax	7,198	5,171
Deferred tax (note 21)	4,038	271
	24,990	18,896

11 Income tax expense (Continued)

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.

Hong Kong profits tax is provided at 16.5% (2017: 16.5%) based on the estimated assessable profit for the year.

Pursuant to relevant income tax rules and regulations in the PRC, the subsidiaries in the PRC are required to pay PRC enterprise income tax at a rate of 25% (2017: 25%).

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 2018, the aggregate amount of the temporary differences relating to the undistributed profits of the Group's PRC subsidiaries amounted to approximately HK$15,614,000 (2017: HK$13,140,000). 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.

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:

	2018 **HK$'000**	2017 HK$'000
Profit before income tax	**229,721**	172,963
Tax calculated at Hong Kong profits tax rate of 16.5%	**37,904**	28,539
Expenses not deductible for tax purposes	**1,157**	1,850
Income not subject to tax	**(1,175)**	(1,016)
Tax losses for which no deferred tax asset was recognised	**277**	1,280
Tax concession	**(13,752)**	(12,973)
Effect of different tax rate of subsidiaries operating in other jurisdiction	**1,286**	1,248
Others	**(707)**	(32)
Tax charge	**24,990**	18,896

12 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company of HK$204,731,000 (2017: HK$154,067,000) by the weighted average number of ordinary shares of 425,539,112 (2017: 418,695,294) in issue during the year.

Diluted earnings per share is calculated by dividing the profit attributable to owners of the Company of HK$204,731,000 (2017: HK$154,067,000) by the weighted average number of ordinary shares of 429,932,615 (2017: 422,155,117), being the weighted average number of ordinary shares of 425,539,112 (2017: 418,695,294) in issue during the year used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 4,393,503 (2017: 3,459,823) assumed to have been issued at no consideration on the deemed exercise of the share options outstanding during the year.

13 Dividends

	2018 HK$'000	2017 HK$'000
Interim dividend, paid of HK$0.07 (2017: Nil) per ordinary share	**30,034**	–
Final dividend, proposed of HK$0.15 (2017: HK$0.15) per ordinary share	**64,358**	63,075
Special dividend, proposed of HK$0.05 (2017: HK$0.05) per ordinary share	**21,453**	21,025
	115,845	84,100

These proposed dividends were proposed by the Company on 25 May 2018 to its shareholders in respect of the financial year ended 31 March 2018, 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 2019 subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

During the financial year ended 31 March 2018,

– a final dividend of HK$63,075,000 and a special dividend of HK$21,025,000 in respect of the previous financial year, and

– an interim dividend of HK$30,034,000 in respect of the current financial year were paid.

14 Land use rights

	Group	
	2018 HK$'000	2017 HK$'000
Cost		
At beginning of the financial year	**22,006**	23,381
Exchange differences	**2,161**	(1,375)
At end of the financial year	**24,167**	22,006
Accumulated amortisation		
At beginning of the financial year	**4,563**	4,380
Charge for the year	**462**	455
Exchange differences	**469**	(272)
At end of the financial year	**5,494**	4,563
Net book amount		
At end of the financial year	**18,673**	17,443

15 Property, plant and equipment

	Land and buildings HK$'000	Plant and machinery HK$'000	Computers HK$'000	Group Furniture and fittings HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost							
At 1 April 2017	**128,248**	**291,539**	**4,313**	**45,599**	**16,268**	**4,339**	**490,306**
Additions	**–**	**73,961**	**95**	**3,997**	**4,841**	**–**	**82,894**
Disposals	**–**	**(7,566)**	**(152)**	**(389)**	**(59)**	**(304)**	**(8,470)**
Exchange differences	**10,415**	**1,160**	**23**	**–**	**9**	**40**	**11,647**
At 31 March 2018	**138,663**	**359,094**	**4,279**	**49,207**	**21,059**	**4,075**	**576,377**
Accumulated depreciation and accumulated impairment							
At 1 April 2017	**38,153**	**231,830**	**4,058**	**41,460**	**14,322**	**3,350**	**333,173**
Charge for the year	**5,086**	**27,653**	**215**	**2,240**	**1,193**	**679**	**37,066**
Disposals	**–**	**(7,492)**	**(152)**	**(389)**	**(59)**	**(304)**	**(8,396)**
Exchange differences	**3,710**	**1,111**	**19**	**–**	**6**	**40**	**4,886**
At 31 March 2018	**46,949**	**253,102**	**4,140**	**43,311**	**15,462**	**3,765**	**366,729**
Net book amount							
At 31 March 2018	**91,714**	**105,992**	**139**	**5,896**	**5,597**	**310**	**209,648**
Cost							
At 1 April 2016	134,876	283,068	3,982	45,599	15,422	3,878	486,825
Additions	–	28,442	361	–	852	505	30,160
Disposals	–	(19,233)	(19)	–	–	–	(19,252)
Exchange differences	(6,628)	(738)	(11)	–	(6)	(44)	(7,427)
At 31 March 2017	128,248	291,539	4,313	45,599	16,268	4,339	490,306
Accumulated depreciation and accumulated impairment							
At 1 April 2016	35,124	228,752	3,898	39,199	13,779	2,436	323,188
Charge for the year	5,068	21,096	187	2,261	545	958	30,115
Disposals	–	(17,373)	(19)	–	–	–	(17,392)
Exchange differences	(2,039)	(645)	(8)	–	(2)	(44)	(2,738)
At 31 March 2017	38,153	231,830	4,058	41,460	14,322	3,350	333,173
Net book amount							
At 31 March 2017	90,095	59,709	255	4,139	1,946	989	157,133

16 Interests in subsidiaries

	Company 2018 HK$'000	Company 2017 HK$'000
Unquoted investments, at cost	**83,330**	83,330

The amounts due from subsidiaries amounting to HK$395,622,000 (2017: HK$366,439,000) are non-trade in nature, unsecured, interest-free and repayable on demand.

16 Interests in subsidiaries (Continued)

Particulars of the subsidiaries as at 31 March 2018 are as follows:

Name	Date and place of incorporation/ establishment	Group's effective equity interest 2018	2017	Paid-up share/registered capital 2018	2017	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	Electronics manufacturing
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
Master Brands HK 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
Huizhou Daya Bay Honor Tone Diagnostic Equipment Limited ("Daya Bay Diagnostic Equipment) (Note (c))*	30 May 2016 PRC	**100%**	100%	**HK$2,000,000**	HK$2,000,000	Diagnostic equipment 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.

(c) Daya Bay Diagnostic Equipment was established as a wholly foreign-owned enterprise in the PRC on 30 May 2016 with an operation period of 30 years commencing from 30 May 2016.

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

** The statutory financial statements of these subsidiaries for the year ended 31 March 2018 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 惠州榮德會計師事務所 (Huizhou 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 for tax filing and annual registration purposes.

17 Available-for-sale financial assets

	Group	
	2018	2017
	HK$'000	HK$'000
Debentures	**38,630**	71,904
Others	**11,800**	–
	50,430	71,904
Analysed as:		
Non-current portion	**50,430**	17,142
Current portion	**–**	54,762
	50,430	71,904

18 Inventories

	Group	
	2018	2017
	HK$'000	HK$'000
Raw materials	**203,645**	131,782
Work-in-progress	**54,493**	55,077
Finished goods	**127,499**	105,005
	385,637	291,864

The cost of inventories recognised as expense and included in 'cost of sales' amounted to HK$2,108,010,000 (2017: HK$1,657,681,000).

19 Trade receivables

	Group	
	2018	2017
	HK$'000	HK$'000
Trade receivables, gross	**582,814**	487,344
Less: provision for impairment of receivables	**–**	(1,069)
	582,814	486,275

As of 31 March 2018, trade receivables of HK$95,305,000 (2017: HK$21,194,000) were past due but not impaired. These relate mainly to a number of customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

	Group	
	2018	2017
	HK$'000	HK$'000
Up to 3 months	**94,901**	20,347
Over 3 months	**404**	847
	95,305	21,194

19 Trade receivables (Continued)

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

	Group	
	2018	2017
	HK$'000	HK$'000
US$	**524,575**	443,761
RMB	**58,239**	42,514
	582,814	486,275

20 Cash and bank deposits

Cash and bank deposits are denominated in the following currencies:

	Group		Company	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
US$	**617,429**	717,333	**24**	19
RMB	**39,145**	21,629	**–**	–
HK$	**10,360**	12,298	**96**	93
Singapore dollars ("S$")	**4,150**	1,670	**217**	1,648
Japanese Yen ("JPY")	**3**	11	**–**	–
	671,087	752,941	**337**	1,760

Cash and bank deposits of the Group comprise (i) cash and cash equivalents of HK$554,831,000 as shown in the consolidated statement of cash flows; and (ii) term deposits with initial terms of over three months of HK$116,256,000.

Certain bank fixed deposits earn interest rates ranging from 1.01% to 2.40% (2017: 0.55% to 1.46%) during the year. Other bank balances earn interest at floating rates based on daily bank deposit rates.

Conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government.

21 Deferred income tax liabilities

	Group	
	2018	2017
	HK$'000	HK$'000
Accelerated tax depreciation		
At beginning of the financial year	**3,294**	3,023
Charged to consolidated income statement (Note 11)	**4,038**	271
As end of the financial year	**7,332**	3,294

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$8,964,000 (2017: HK$8,687,000) in respect of losses amounting to HK$50,388,000 (2017: HK$50,046,000) that can be carried forward against future taxable income without expiries except for certain tax losses of HK$7,622,000 which will expire within five years.

22 Trade payables

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

	Group	
	2018	2017
	HK$'000	HK$'000
US$	**373,837**	356,316
RMB	**34,495**	56,184
HK$	**71,739**	70,418
JPY	**2,128**	1,044
Others	**694**	746
	482,893	484,708

23 Other payables and accruals

	Group		Company	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
Accruals and other payables	**180,938**	189,339	**658**	454
Deposits received	**104,883**	91,857	**–**	–
Staff bonus payable	**15,145**	26,613	**–**	–
Bonus payable to directors	**29,368**	14,678	**–**	–
Provision for sales returns	**32,549**	25,935	**–**	–
Provision for claims from customers	**19,669**	17,427	**–**	–
	382,552	365,849	**658**	454

Bonus payable to directors are unsecured, interest-free and repayable on demand.

Movements of the provisions are as follows:

	Group	
	Sales returns	Claims from customers
	HK$'000	HK$'000
At 1 April 2016	25,875	18,368
Charge for the year	5,161	–
Settlements	(1,002)	–
Reversals	(4,099)	(941)
At 31 March 2017	**25,935**	**17,427**
Charge for the year	**7,710**	**3,867**
Settlements	**(265)**	**(1,625)**
Reversals	**(831)**	**–**
At 31 March 2018	**32,549**	**19,669**

24 Share capital

	Number of ordinary shares of HK$0.1 each	Amount
		HK$'000
Authorised		
At 1 April 2016, 31 March 2017 and 31 March 2018	1,900,000,000	190,000
Issued and fully paid		
At 1 April 2016	380,138,750	38,014
Issue of shares under ESOS (note 25(a))	4,250,000	425
At 31 March 2017	**384,388,750**	**38,439**
Issue of bonus shares (Note)	**38,531,367**	**3,853**
Issue of shares under ESOS (note 25(a))	**9,477,500**	**948**
At 31 March 2018	**432,397,617**	**43,240**

During the financial year ended 31 March 2018, 9,477,500 (2017: 4,250,000) ordinary shares of HK$0.1 each were issued in relation to share options exercised by the confirmed employees of the Group under the Valuetronics Employee Share Option Scheme ("ESOS") at S$0.268, S$0.379, S$0.406 and S$0.474 (2017: S$0.162 and S$0.406) for a total cash consideration of S$3,457,448 (2017: S$1,188,700) which is equivalent to approximately HK$19,911,000 (2017: HK$6,819,000). The excess of the subscription consideration received over the nominal values issued, amounted to S$3,398,139 (2017: S$1,114,617) which is equivalent to approximately HK$18,963,000 (2017: HK$6,394,000), was credited to the share premium account.

Each ordinary share carries one vote.

Note: A bonus issue of new ordinary shares of par value HK$0.10 each, on the basis of one new share for every ten existing shares (including treasury shares) held by the shareholders of the Company and credited as fully paid at par by way of capitalisation standing to the credit of the share premium account of the Company, was completed on 5 June 2017 ("bonus issue").

25 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.

25 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 (Note)		Number of outstanding share options (Note)	
			2018	2017	**2018**	2017
2015A	19 August 2014	20 August 2016 to 19 August 2024	**S$0.369**	S$0.406	**–**	925,000
2015B	19 August 2014	20 August 2017 to 19 August 2024	**S$0.369**	S$0.406	**–**	2,775,000
2016A	24 August 2015	25 August 2017 to 24 August 2025	**S$0.268**	S$0.295	**–**	2,875,000
2016B	24 August 2015	25 August 2018 to 24 August 2025	**S$0.268**	S$0.295	**3,767,500**	3,425,000
2017A	18 August 2016	19 August 2017 to 18 August 2026	**S$0.474**	S$0.521	**55,000**	2,175,000
2017B	18 August 2016	19 August 2018 to 18 August 2026	**S$0.379**	S$0.417	**1,760,000**	1,600,000
2017C	18 August 2016	19 August 2019 to 18 August 2026	**S$0.379**	S$0.417	**2,035,000**	1,850,000
2018A	27 September 2017	28 September 2019 to 27 September 2027	**S$0.701**	–	**925,000**	–
2018B	27 September 2017	28 September 2020 to 27 September 2027	**S$0.701**	–	**2,320,000**	–
					10,862,500	15,625,000

Note: Following the completion of the bonus issue on 5 June 2017 detailed in Note 24, the number of outstanding share options held by each holder was adjusted upward by 10% and their respective exercise prices were adjusted downward by 10% as a result.

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.

25 Share-based compensation (Continued)

(a) Equity-settled ESOS (Continued)

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

	2018		2017	
	Number of Options	**Weighted average exercise price S$**	Number of Options	Weighted average exercise price S$
Outstanding at beginning of the year	**15,625,000**	**0.380**	14,550,000	0.320
Adjustments for bonus issue	**1,470,000**	**0.344**	–	–
Granted	**3,245,000**	**0.701**	5,800,000	0.457
Exercised	**(9,477,500)**	**0.365**	(4,250,000)	0.280
Lapsed	**–**	**–**	(475,000)	0.374
Outstanding at end of the year	**10,862,500**	**0.437**	15,625,000	0.380
Exercisable at end of the year	**55,000**	**0.474**	925,000	0.406

The weighted average share price at the date of exercise for Options exercised during the year was S$0.880. The Options outstanding at the end of the year have a weighted average remaining contractual life of 8.4 years (2017: 8.5 years) and the exercise price ranged from S$0.268 to S$0.701 (2017: S$0.295 to S$0.521). During the financial year ended 31 March 2018, Options were granted on 27 September 2017 and the estimated fair value of the Options on that date is S$1,161,225. During the financial year ended 31 March 2017, Options were granted on 18 August 2016 and the estimated fair value of the Options on that date is S$1,153,100.

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:

	2018A and 2018B	2017A, 2017B and 2017C
Weighted average share price	**S$0.876**	S$0.521
Exercise price	**S$0.701**	S$0.457
Expected volatility	**51.04%**	52.81%
Expected life	**10 years**	10 years
Risk free rate	**2.17%**	1.72%
Expected dividend yield	**7.04%**	7.20%

25 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 2018 and 2017.

26 Reserves

Movement in the reserves of the Group and Company are set out in the consolidated statement of changes in equity and below respectively.

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 2017	**130,791**	**67,239**	**10,342**	**212,860**	**421,232**
Total comprehensive income for the year	**–**	**–**	**–**	**116,290**	**116,290**
Dividends paid (note 13)	**–**	**–**	**–**	**(114,134)**	**(114,134)**
Issue of bonus shares	**(3,823)**	**–**	**–**	**–**	**(3,823)**
Issue of shares on exercise of share options (note 25(a))	**18,963**	**–**	**–**	**–**	**18,963**
Transfer to share premium upon exercise of share options	**9,134**	**–**	**(9,134)**	**–**	**–**
Share-based compensation	**–**	**–**	**5,526**	**–**	**5,526**
At 31 March 2018	**155,065**	**67,239**	**6,734**	**215,016**	**444,054**
At 1 April 2016	120,522	67,239	7,829	189,544	385,134
Total comprehensive income for the year	–	–	–	98,887	98,887
Dividends paid (note 13)	–	–	–	(75,843)	(75,843)
Issue of shares on exercise of share options (note 25(a))	6,394	–	–	–	6,394
Transfer to share premium upon exercise of share options	3,875	–	(3,875)	–	–
Share-based compensation	–	–	6,660	–	6,660
Lapse of share options	–	–	(272)	272	–
At 31 March 2017	130,791	67,239	10,342	212,860	421,232

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 bonus 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.

26 Reserves (Continued)

(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 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 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.

27 Commitments

(a) Capital commitments

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

	Group	
	2018	2017
	HK$'000	HK$'000
Acquisition of property, plant and equipment		
– contracted but not provided for	**9,490**	26,241

(b) Operating lease commitments

The Group has commitments to make the following future minimum lease payments under non-cancellable operating leases at the end of the financial year:

	Group	
	2018	2017
	HK$'000	HK$'000
Land and buildings		
– within one year	**620**	537
– in second to fifth years	**1,783**	2,174
	2,403	2,711

The Company did not have any significant commitments as at 31 March 2018 (2017: Nil).

28 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	
	2018	2017
	HK$'000	HK$'000
Purchases of goods from		
– Nicecon Limited (note)	**1,971**	1,155
Key management compensations		
– Salaries, wages, bonuses and allowances	**47,177**	35,902
– Retirement benefit scheme contributions	**74**	90
– Share-based compensation	**2,885**	4,643

(b) Balances with related parties:

	Group	
	2018	2017
	HK$'000	HK$'000
Trade payables		
– Nicecon Limited (note)	**928**	374

Note: beneficially owned by the brother of an executive director of the Company.

SHAREHOLDERS' INFORMATION

AS AT 25 JUNE 2018

Authorised share capital	:	HK$190,000,000
Issued and fully paid-up capital	:	HK$43,239,762
Number of shares issued (excluding Treasury Shares)	:	429,053,837
Number/Percentage of Treasury Shares	:	3,343,780 (0.77%)
Class of shares	:	Ordinary share of HK$0.10 each
Voting rights	:	One vote per share

STATISTICS OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 – 99	25	0.82	1,388	0.00
100 – 1,000	134	4.37	81,868	0.02
1,001 – 10,000	1,219	39.78	7,043,981	1.64
10,001 – 1,000,000	1,653	53.95	87,890,407	20.49
1,000,001 and above	33	1.08	334,036,193	77.85
	3,064	100.00	429,053,837	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	Tse Chong Hing	75,990,411	17.71
2.	DBS Nominees Pte Ltd	51,852,012	12.09
3.	Chow Kok Kit	32,000,361	7.46
4.	HSBC (Singapore) Nominees Pte Ltd	29,286,310	6.83
5.	Raffles Nominees (Pte) Ltd	28,300,291	6.60
6.	Citibank Nominees Singapore Pte Ltd	22,316,850	5.20
7.	UOB Kay Hian Pte Ltd	14,390,140	3.35
8.	DBS Vickers Securities (S) Pte Ltd	8,655,378	2.02
9.	Hung Kai Wing	7,645,000	1.78
10.	Leap International Pte Ltd	6,710,000	1.56
11.	BPSS Nominees Singapore (Pte.) Ltd.	5,503,463	1.28
12.	Morgan Stanley Asia (S) Securities Pte Ltd	4,812,440	1.12
13.	Phillip Securities Pte Ltd	4,762,840	1.11
14.	Hong Leong Finance Nominees Pte Ltd	4,490,000	1.05
15.	CGS-CIMB Securities (S) Pte Ltd	3,750,561	0.87
16.	See Lop Fu James @ Shi Lap Fu James	3,740,000	0.87
17.	DB Nominees (S) Pte Ltd	3,354,386	0.78
18.	United Overseas Bank Nominees Pte Ltd	3,159,070	0.74
19	Maybank Kim Eng Securities Pte Ltd	3,080,821	0.72
20.	Liew Chee Kong	3,008,400	0.70
		316,808,734	73.84

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name	Direct Interest	%	Deemed Interest	%
Tse Chong Hing	75,990,441	17.71	–	–
Chow Kok Kit	32,000,361	7.46	–	–
HSBC Global Asset Management (Hong Kong) Limited(1)	–		21,640,840	5.04
The Hongkong and Shanghai Banking Corporation Limited(2)	–		21,640,840	5.04
HSBC Asia Holdings B.V.(3)	–		21,640,840	5.04
HSBC Asia Holdings (UK) Limited(4)	–		21,640,840	5.04
HSBC Holdings B.V.(5)	–		21,640,840	5.04
HSBC Finance (Netherlands)(6)	–		21,640,840	5.04
HSBC Holdings plc(7)	–		21,640,840	5.04

Notes:–

(1) HSBC Global Asset Management (Hong Kong) Limited ("**AMHK**") is the discretionary fund manager and manages the investments for the four funds (i.e. HSBC Global Investment Funds – Asia Ex Japan Equity Smaller Companies Fund, HSBC Global Investment Funds – Asean Equity Fund, HSBC Funds – HSBC Asia ex-Japan Smaller Companies Equity Fund and HSHK Asian Small Caps). AMHK has deemed interest over the Shares.

(2) AMHK is owned by The Hongkong and Shanghai Banking Corporation Limited ("**HBAP**") and HBAP has deemed interest over the Shares held by AMHK.

(3) AMHK is owned by HBAP, which in turn is owned by HSBC Asia Holdings B.V. ("**HAHB**") and HAHB has deemed interest over the Shares held by HBAP.

(4) HAHB is owned by HSBC Asia Holdings (UK) Limited ("**HAHU**") and HAHU has deemed interest over the Shares held by HAHB.

(5) HAHU is owned by HSBC Holdings B.V. ("**HHBV**") and HHBV has deemed interest over the Shares held by HAHU.

(6) HHBV is owned by HSBC Finance (Netherlands) ("**HFN**") and HFN has deemed interest over the Shares held by HHBV.

(7) HFN is owned by HSBC Holdings plc ("**HGHQ**") and HGHQ has deemed interest over the Shares held by HFN.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

68.00% 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.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Valuetronics Holdings Limited (the "Company") will be held at Level 3, Venus Room I & II, Furama RiverFront, Singapore, 405 Havelock Road, Singapore 169633 on Monday, 23 July 2018 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Report of the Directors and the Audited Financial Statements of the Company for the year ended 31 March 2018 together with the Auditors' Report thereon.

   (Resolution 1)

2. To declare a final dividend of HK15.0 cents per share and a special dividend of HK5.0 cents per share (tax not applicable) for the year ended 31 March 2018 (2017 – Final Dividend: HK15.00 cents per share and Special Dividend: HK5.0 cents per share).

   (Resolution 2)

3. To re-elect the following Director retiring pursuant to the Company's Bye Laws:

   Mr Ong Tiew Siam [Retiring under Bye-Law 104] **(Resolution 3)**

   Mr Ong will, upon re-election as a Director of the Company, remain as Lead Independent Director and Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees and will be considered independent for the purposes of Rule 704(8) of the SGX-ST Listing Manual.

4. To approve the payment of Directors' fees of S$230,000 for the year ending 31 March 2019, to be paid quarterly in arrears at the end of each calendar quarter (2018: S$230,000).
   [See Explanatory Note (i)] **(Resolution 4)**

5. To re-appoint PricewaterhouseCoopers as the Company's Auditors and to authorise the Directors to fix their remuneration.

   (Resolution 5)

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

AS SPECIAL BUSINESS

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

7. **Authority to issue Shares**

   That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

   A. (i) issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise, and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

B. (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below;

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

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

(b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

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

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-Laws of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (ii)] **(Resolution 6)**

8. **Authority to allot and issue shares under the Valuetronics Employees Share Option Scheme and the Valuetronics Performance Share Plan**

That authority be and is hereby given to the Directors to offer and grant options in accordance with the provisions of the Valuetronics Employees Share Option Scheme 2017 (the "**ESOS 2017**") and/or to grant awards in accordance with the Valuetronics Performance Share Plan 2017 (the "**PSP 2017**") and to allot and issue Shares from time to time, such number of Shares as may be required to be issued pursuant to exercise of options under the ESOS 2017 and/or the vesting of awards under the PSP 2017, provided always that the aggregate number of additional ordinary Shares to be allotted and issued pursuant to the ESOS 2017 and PSP 2017 shall not exceed fifteen percent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting is required by law to be held, whichever is earlier.
[See Explanatory Note (iii)] **(Resolution 7)**

9. **Renewal of Share Buyback Mandate**

THAT:

(1) for the purposes of the Companies Act of Bermuda and otherwise in accordance with the rules and regulations of the SGX-ST, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued Shares in the capital of the Company not exceeding in aggregate the Prescribed Limited (as defined below) at such prices as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:

(a) market purchases (each a "**Market Purchase**") on the SGX-ST or any other stock exchange on which the Shares may for the time being be listed and quoted ("**Other Exchange**"); and/or

(b) off-market purchases (each an "**Off-Market Purchase**") (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access scheme or schemes as may be determined or formulated by the Directors as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Renewal of the Share Buyback Mandate**");

(2) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Renewal of the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(a) the date on which the next Annual General Meeting of the Company is held; or

(b) the date by which the next Annual General Meeting of the Company is required by law to be held; and

(3) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

In this Resolution:

"**Prescribed Limit**" means ten per centum (10%) of the issued Shares in the capital of the Company as at the date of passing of this Resolution; and "**Maximum Price**", in relation to the Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below) of the Shares; and

(b) in the case of an Off-Market Purchase, 110% of the Average Closing Price (as defined below) of the Shares; and

where:

"**Average Closing Price**" means (i) the average of the closing market prices of a Share over the last five market days, on which transactions in the Shares were recorded, preceding the date of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase; and (ii) deemed to be adjusted for any corporate action that occurs after the relevant five-day period; and "**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**market day**" means a day on which the SGX-ST is open for trading in securities.
[See Explanatory Note (iv)] **(Resolution 8)**

By Order of the Board

Shirley Lim/Hazel Chia
Company Secretaries
Singapore, 6 July 2018

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Directors' Fees of S$230,000 for the year ending 31 March 2019, if approved by shareholders at the Annual General Meeting, will be paid quarterly in arrears at the end of each calendar quarter to Non-Executive and Independent Directors.

(ii) The Ordinary Resolution 6 proposed in item 7 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding fifty percent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to twenty percent (20%) may be issued other than on a pro rata basis.

(iii) The Ordinary Resolution 7 proposed in item 8 above, if passed, will empower the Directors of the Company, to allot and issue Shares in the Company of up to a number not exceeding in total fifteen percent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time pursuant to the exercise of the options under the ESOS 2017 and the PSP 2017.

(iv) The Ordinary Resolution 8 proposed in item 9 above, if passed, will empower the Directors from the date of the above Meeting until the next Annual General Meeting to repurchase ordinary Shares of the Company by way of market purchases or off-market purchases of up to ten percent (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the Maximum Price. Information relating to this proposed Resolution are set out in Circular to Shareholders dated 6 July 2018.

Notes:

1. A Shareholder being a Depositor whose name appears in the Depository Register (as defined in Section 81SF of the Securities and Futures Act of Singapore) is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. If a Depositor wishes to appoint a proxy/proxies to attend the Meeting, then he/she must complete and deposit the Depositor Proxy Form at the office of the Singapore Share Transfer Agent, B.A.C.S. Private Limited, 8 Robinson Road #03-00, ASO Building, Singapore 048544 at least seventy-two (72) hours before the time of the Meeting.

3. If a Depositor is a corporation, the instrument appointing a proxy must be executed under the seal or the hand of its duly authorised officer or attorney.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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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
Estera Services (Bermuda) Limited[1]

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
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

Estera Management (Bermuda) Limited
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

SINGAPORE SHARE TRANSFER AGENT

B.A.C.S. Private Limited
8 Robinson Road #03-00
ASO Building
Singapore 048544

AUDITORS

PricewaterhouseCoopers
22/F., Prince's Building
Central, Hong Kong
Partner-in-charge: Peter Man Kam Tsang

[1] Estera Services (Bermuda) Limited is the assistant secretary of the Company

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