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VALUETRONICS HOLDINGS LIMITED

Securities

VALUETRONICS HOLDINGS LIMITED - BMG9316Y1084 - BN2

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No

Announcement Details**Announcement Title**

Annual Reports and Related Documents

Date & Time of Broadcast

15-Jul-2019 18:33:00

Status

New

Report Type

Sustainability Report

Announcement Reference

SG190715OTHRWOJ9

Submitted By (Co./ Ind. Name)

Tse Chong Hing

Designation

Chairman and Managing Director

Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

The Sustainability Report for FY2019 is attached.

Additional Details**Period Ended**

31/03/2019

Attachments[Valuetronics%20Holdings%20Limited Sustainability%20Report%202019.pdf](#)

Total size = 1411K MB



SUSTAINABILITY
REPORT
2019

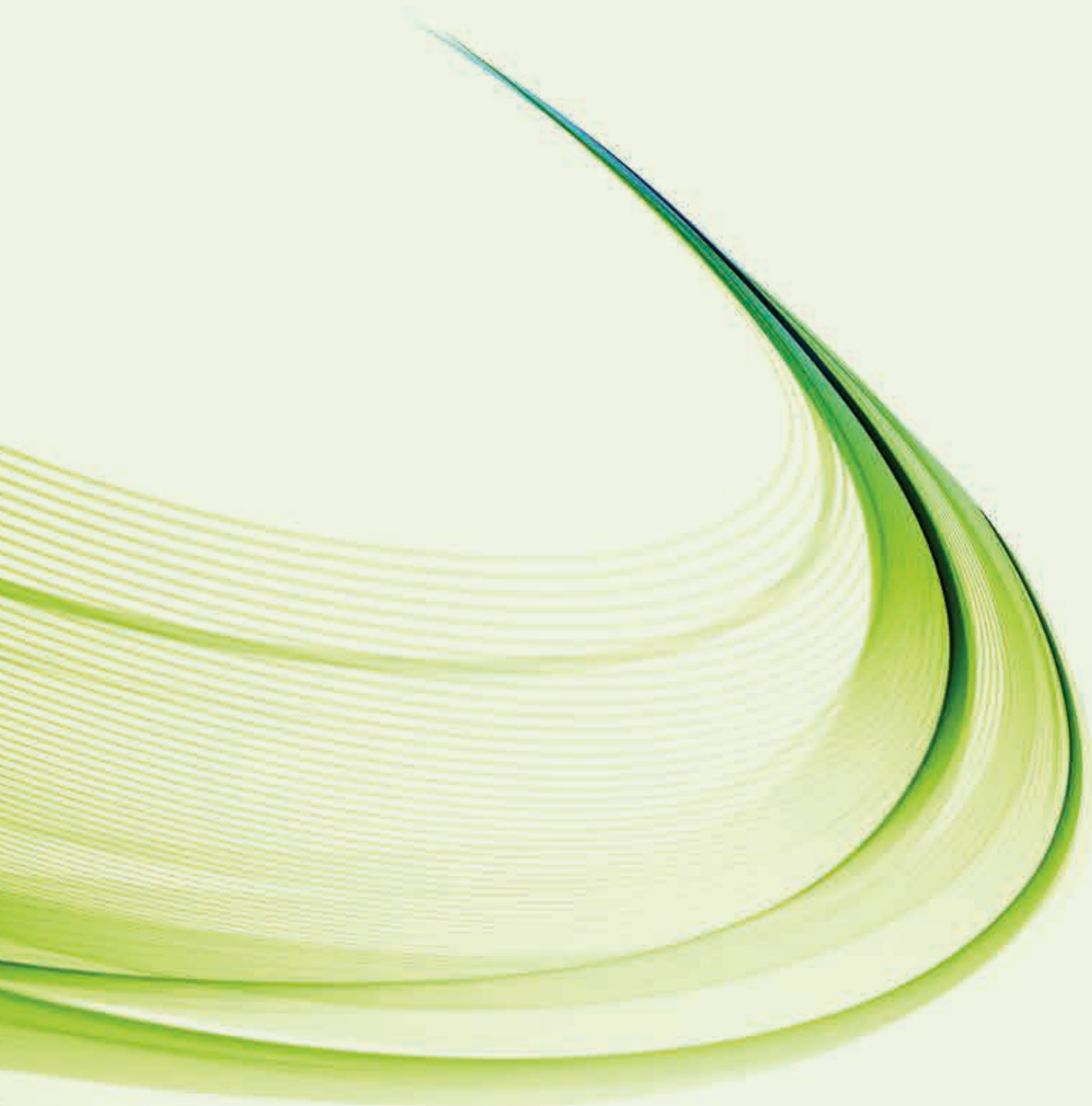


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ABOUT THIS REPORT

We are pleased to present Valuetronics Holdings Limited's ("Valuetronics") annual Sustainability Report, for our financial year ended 31 March 2019. This report is set out on a "comply or explain" basis in accordance with Rule 711B and Practice Note 7.6 of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual on Continuing Listing Obligations.

This 2019 Sustainability Report has been prepared in reference with the Core option of the Global Reporting Initiative ("GRI") Standards. GRI is the most widely adopted global standards for sustainability reporting and it provides businesses and organisations worldwide a framework to measure, understand and communicate their critical sustainability issues on environmental, economic and social impacts to stakeholders.

This report highlights the key economic, environmental, social and governance ("EESG") related initiatives carried out throughout a 12-month period, being the financial year ended 31 March 2019 ("FY2019").

The EESG data and information provided have not been verified by an independent third party and we have relied on internal data monitoring and verification to ensure its accuracy.

We welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to improve our policies, systems and results. Please send your comments and suggestions to **contact@valuetronics.com.hk**.

BOARD STATEMENT ON SUSTAINABILITY

The key material EESG factors for the Group have been identified and reviewed by the top management of the Group, and the board of directors of the Company (the "Board") oversees the management and monitoring of these factors and takes them into consideration when determining the Group's strategic direction and policies. Sustainability is a part of the Group's wider strategy to create long-term value for all its stakeholders.

15 July 2019

ORGANISATIONAL 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 has been listed on the SGX Mainboard since 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 equipment.

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 customer’s 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.



OUR APPROACH TO SUSTAINABILITY



OUR APPROACH TO SUSTAINABILITY

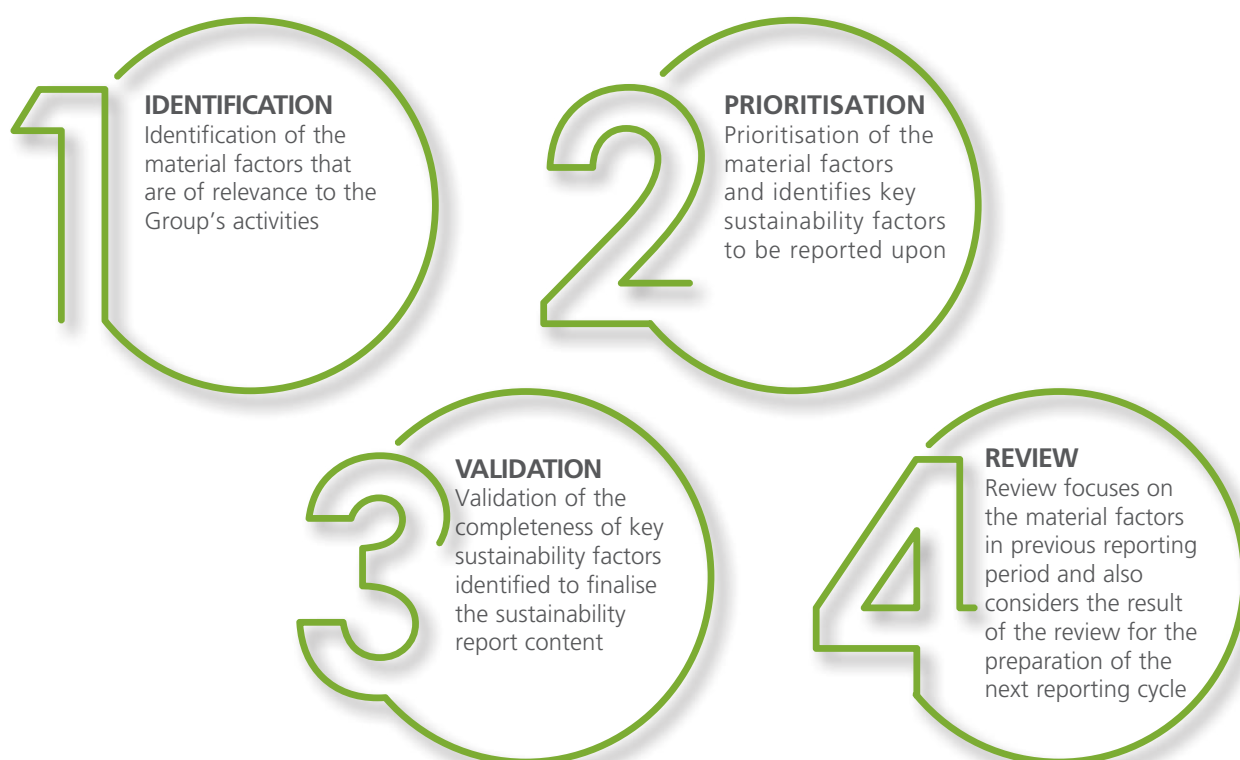
Stakeholders	Engagement Platforms	Frequency of Engagement
EMPLOYEES 	<ul style="list-style-type: none"> • Orientation training for new recruits • Annual performance review; appraisals • Team-building events • Townhall sessions • Electronic communication & notice board 	<ul style="list-style-type: none"> • Throughout the year
CUSTOMERS 	<ul style="list-style-type: none"> • Business review meetings • Customer visits • Executive dialogue 	<ul style="list-style-type: none"> • Throughout the year
SUPPLIERS AND SERVICE PROVIDERS 	<ul style="list-style-type: none"> • Supplier surveys • Business meetings with critical suppliers • Supplier factory audit 	<ul style="list-style-type: none"> • Throughout the year
INVESTORS/ SHAREHOLDERS 	<ul style="list-style-type: none"> • Analysts meeting • Corporate day for institutional investors • Web portal & email • Annual General Meeting • Group Annual Report 	<ul style="list-style-type: none"> • Throughout the year • Annually
LOCAL COMMUNITIES 	<ul style="list-style-type: none"> • Participation in volunteer community service 	<ul style="list-style-type: none"> • Throughout the year
LOCAL GOVERNMENT 	<ul style="list-style-type: none"> • Participation in government agencies' seminars on policy updates • On-site advisory visits • Regular reports 	<ul style="list-style-type: none"> • Throughout the year

STAKEHOLDER ENGAGEMENT

An important starting point in our sustainability journey is to identify our stakeholders and the material aspects relevant to our business. The interests and requirements of key stakeholders are taken into account when formulating our corporate strategies. These key stakeholders include, but not limited to, customers, suppliers, employees, investors, and local government. We adopt both formal and informal channels of communication to understand the needs of our key stakeholders, and incorporate their feedback into the evolution of corporate strategies so as to achieve mutually beneficial relationships.

MATERIAL ASPECTS ASSESSMENT

Our sustainability process begins with the identification of relevant aspects. Relevant aspects are then prioritised as material factors, which are then validated. The end result of this process is a list of material factors disclosed in this sustainability report of which their inter-relationships are shown below:



The Group has conducted a materiality assessment during the year with the help of an external consultant. Going forward, a materiality review will be conducted every year, incorporating inputs from our various stakeholder engagements.

In order to determine if an aspect is material, we assessed its potential impact on the economy, environment and society, as well as its influence on stakeholders. Aspects were identified and prioritised through internal workshops, peer reviews and social impact assessments at site level. Applying the guidance from GRI, we have identified the following material aspects:

ECONOMIC

- Economic performance
- Anti-corruption



ENVIRONMENTAL

- Environmental compliance
- Supplier environmental assessment



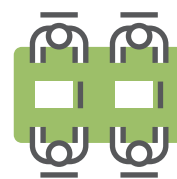
SOCIAL

- Diversity
- Fair employment practices and child labour
- Occupational health and safety
- Training and education
- Local community engagement



GOVERNANCE

- Sustainability governance
- Enterprise risk management
- Business Ethics



ECONOMIC

ECONOMIC PERFORMANCE

In FY2019, the decrease in CE revenue was offset by the increase in ICE revenue due to the increase in demand from existing ICE customers and the additional of new product from new ICE customer. As trade war tensions between the US and China continue, we have identified Vietnam as a location to expand our production outside of China. We expect one of our customers to qualify our initial set up in Vietnam by end of June 2019, followed by mass production for shipment from Vietnam to the US market.

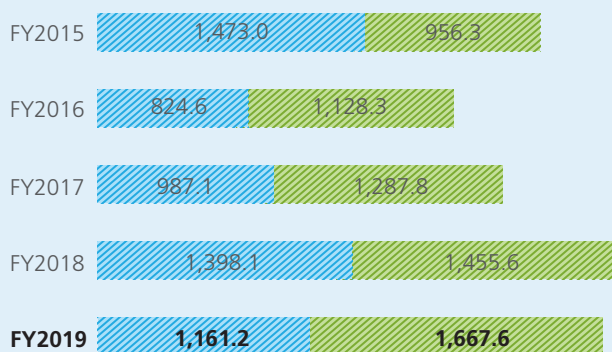
Mr Ricky Tse Chong Hing,
Chairman and Managing Director

Valuetronic's FY2019 revenue was relatively flat, with a mixed performance across its Consumer Electronics ("CE"), and Industrial and Commercial Electronics ("ICE") segments. Net profit attributable to shareholders for FY2019 dropped marginally by 2.6% to HK\$199.5 million from HK\$204.7 million for the year ended 31 March 2018. The 5 years summary of our financial performance is shown below.

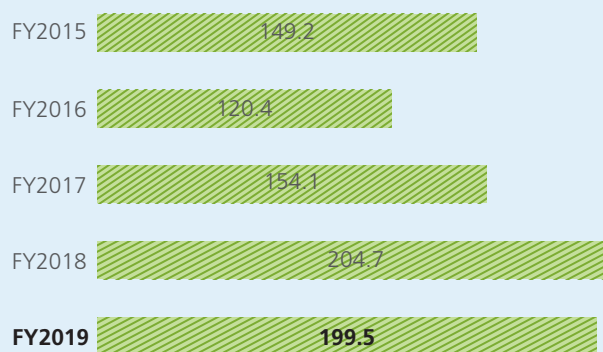
Since 2014, Valuetronics has adopted a dividend payout policy that targets an annual dividend payout of at least 30%, and up to 50% of net profit attributable to shareholders. We will also consider the following factors in concluding on the final payout amount:

1. The total 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;
2. The Group's actual and expected financial performance and financial conditions, retained earnings and distributable reserves, results of operations, and cash flow;
3. The level of the Company's debts to equity ratio and return on equity;
4. The ability of the Company's subsidiaries to make dividend payments to the Company;
5. Restrictions on payment of dividends that may be imposed on the Company by any financing arrangements;

REVENUE HK\$ MILLION



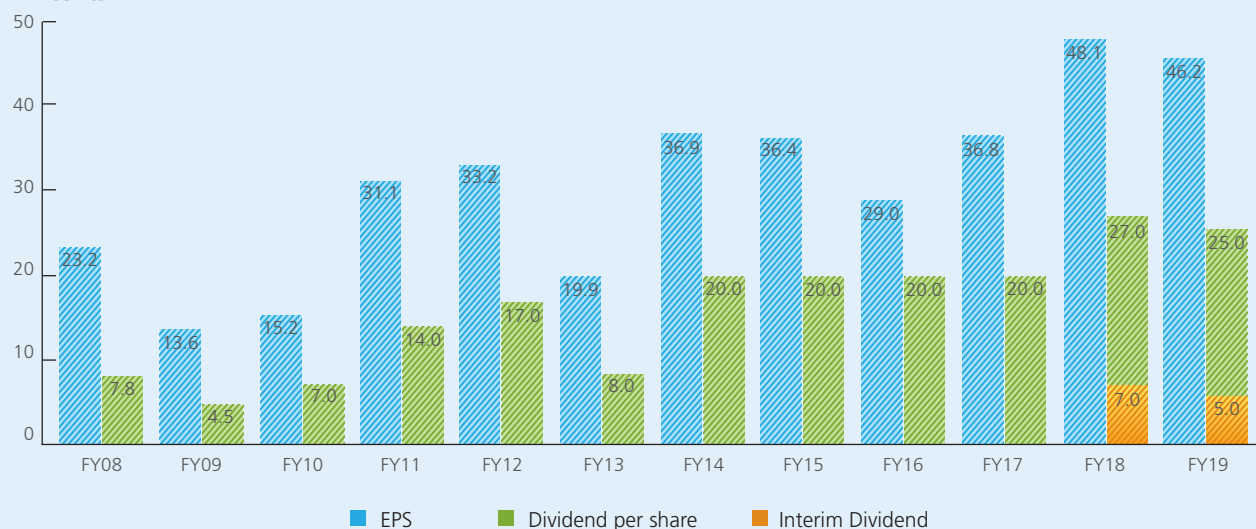
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY HK\$ MILLION



■ Consumer Electronics ■ Industrial & Commercial Electronics

EARNINGS PER SHARE (EPS) AND DIVIDENDS PER SHARE

HK cents



6. The Group's expected working capital requirements, expected capital expenditure, future expansion, other investment plans, and other funding requirements;
7. 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 legal or contractual restrictions may apply from time to time or which our Directors may consider appropriate in the interest of the Company; and
8. Other factors that the Directors deem appropriate.

We believe that our dividend policy will allow the Company easy access to capital markets for new fundraising should the need arise.

For our detailed financial results, please refer to the following sections in our FY2019 Annual Report:

- Financial Highlights, page 4
- Financial Review, page 5
- Financial Statements, pages 38 – 78

ANTI-CORRUPTION

Here at Valuetronics, we do not tolerate corruption in any form. This has been made clear to our employees, suppliers and business partners. Valuetronics ensures that all staff (other than production line worker) sign an anti-corruption declaration when they join the company. Dedicated whistleblowing hotlines using both email and electronic platforms are set up so that if anyone who wants to report any business ethics issue can do so confidentially, and any report of corruption is immediately escalated to the attention of senior management.

There have been no reported incidents of corruption in the group during the period and we will continue to monitor and prevent its occurrence. We will also continue to ensure that all employees are fully aware of our policy and sign our anti-corruption declaration.

ENVIRONMENTAL

ENVIRONMENTAL COMPLIANCE

Valuetronics has achieved ISO14000 accreditation, standards for environmental management since year 2008. ISO14000 is based on a plan-do-check-act ("PDCA") methodology, providing a systematic framework for integrating environmental management practices by supporting environmental protection, preventing pollution, minimising waste, reducing energy and material use. Waste to be recycled is stored, collected and processed by qualified third party recycling firms.

Throughout the years, Valuetronics has undergone numerous environmental compliance audits by our key customers as well as local authorities and third party certification bodies. We passed all the environmental compliance audits without major non-conformities. We will continue the PDCA approach to improve the environment management, targeting no major non-conformities in any kind of environmental compliance audits.

SUPPLIER ENVIRONMENTAL ASSESSMENT

To raise environmental awareness among our suppliers, Valuetronics encourages suppliers to be accredited with ISO14000 standard. With regard to raw materials that might contain environmentally hazardous substances, the Group has been working closely with suppliers to push forward more environmental protection awareness. Suppliers are required to make annual declaration on their ISO14000 compliance. In FY2018, the majority of our Printed Circuit Board ("PCB") suppliers were accredited with ISO14000 standard, as we considered the environmental impact of these suppliers to be more significant.

In FY2019, we have extended our annual assessment outside PCB suppliers to include our top 100 suppliers in terms of purchasing amount, and they are required to make an annual environmental compliance declaration. Majority of the assessed suppliers declared that they have accredited with ISO14000 standard or have complied with local government laws and regulations on environmental issues.

We will continue to raise environmental awareness among our suppliers. Our top 100 suppliers and PCB suppliers will be assessed and screened annually, with a focus on their compliance on environmental issues.





SOCIAL

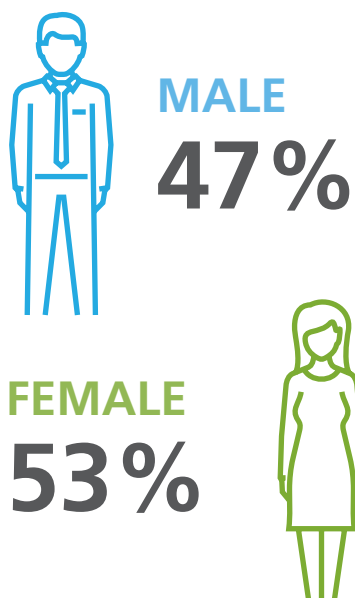
DIVERSITY

Valuetronics maintains a policy of providing equal opportunities to all its employees. The Group's recruitment of employees and their subsequent annual appraisal are based on merit, work attitude, cooperation with other staff and their efficiency and effectiveness of work.

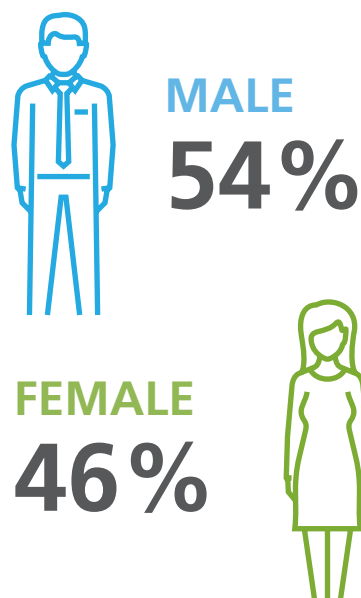
Furthermore, the Group does not discriminate according to race, age, gender, religion, ethnicity, facial attractiveness, physical impairments, sexual preference, political viewpoints or nationality.

In FY2019, we have an almost equal ratio of male to female employees. Our objective is to have no incidents of discrimination and there has been no reported discrimination issue during the period.

WORKER DISTRIBUTION BY GENDER



STAFF (OTHER THAN PRODUCTION LINE WORKER)



WORKING STRUCTURE BY AGE

16-17
2%

18-20
7%

21-40
67%

>40
24%



FAIR EMPLOYMENT PRACTICES AND CHILD LABOUR

The Group considers its employees the most valuable asset and offers them a fair and competitive remuneration packages. Discretionary incentives are granted to eligible employees based on the performance of the Group as well as the individual employee. We continue to provide employment opportunities to local students by closely cooperating with local colleges and universities, and to provide nurturing programmes for fresh graduates.

The Group has a strict no child labour policy and expects the same from all of our suppliers. Annual declaration is part of the supplier assessment and all top 100 suppliers are in compliance with our no child labour policy.

Valuetronics will continue to provide fair employment environment and expect no child labour policy from our suppliers.

OCCUPATIONAL HEALTH AND SAFETY

Valuetronics is pleased to confirm that there has been no fatal industrial accidents reported in FY2019. Our Environment, Health and Safety ("EHS") department is independent from operational departments and monitors the following to provide a safe working environment for all employees through the following measures:

- Identifying potential risks through routine campus patrols and drawing up and implementing preventive actions;
- Analysing each incident for its root causes and communicating with all the relevant department managers for corrective actions and implementing preventive measures;
- Conducting regular training to employees on safety practices;
- Reinforcing the occupational health and safety awareness by providing trainings, putting up banners and posters in public areas;
- Closely following and ensuring compliance with the government's rules and regulations on EHS;
- Ensuring fire safety management protocols are in place; performing routine check on fire safety; and
- Carrying out regular fire drills and training.



OCCUPATIONAL HEALTH AND SAFETY (continued)

In addition, EHS department chairs regular health and safety meetings with all operational department managers to discuss occupational health and safety issues, focusing on the risks identified above. Immediate corrective action is carried out for each EHS incident, which is followed by a formal review for further prevention. EHS department also verifies the implementation and effectiveness of any corrective actions.

No fatal industrial accident was reported during the year, and we will continue to ensure that there is no case of fatal industrial accident in the factory.

TRAINING AND EDUCATION

Valuetronics provides its employees with an orientation program and regular training.

The orientation program is organised for new employees to introduce the company and its operations as well as its codes of conduct, applicable internal and external rules and regulations, and workplace safety practices.

For workers, regular training is provided for the job-related skills and updates on workplace safety. For staff, in addition to workplace safety training, more specialised training is also held to ensure that they keep pace with the growth and development of the Group. Staff training records are reviewed and specific training needs are identified for the individual's career advancement. Our in-house training records showed that each staff averaged 21 hours during FY2019. We will continue to deploy our resources and offer training courses to our employees to enhance their professional competence.

LOCAL COMMUNITY ENGAGEMENT



Visit to the Seniors Nursing Home



Basketball Match with Local Police Team



Visit to the Orphanage Centre

Volunteering at the Home of A Disabled Person



GOVERNANCE

SUSTAINABILITY GOVERNANCE

At Valuetronics, we believe that strong corporate governance is key to a sustainable business. That is why that since our listing on the SGX Mainboard in 2007 and all through to FY2019, we have continued to comply with the Singapore Code of Corporate Governance. Please refer to pages 13 to 27 of our Annual Report, for details of our compliance to the Singapore Code of Corporate Governance.

We will continue to ensure compliance with the SGX requirements.

As an integrated EMS provider, it is a continual challenge to successfully manage our environmental and social issues. Nevertheless, Valuetronics has incorporated these issues into our business model and implemented the applicable sustainable and responsible practices to mitigate these issues throughout the company. Our products also meet the stringent safety and environmental requirements demanded by our customers.

Valuetronics pays strict attention to the implementation of good labour practices in all our operations. The Group also provides various training opportunities for continued employee development and this is reflected in the quality and delivery of our products and services. We value our relationships with our clients and the wider community in which we operate in, and these strong relationships have helped us through the challenging times in the past. Valuetronics strongly believes that in the long run, these efforts will have a positive impact on our economic performance.

ENTERPRISE RISK MANAGEMENT ("ERM")

ERM is an integral part of good corporate governance as well as resources management. Valuetronics has a thorough and comprehensive ERM framework to identify and manage its risks and exposures in an integrated, systematic and consistent manner. For detailed disclosure on ERM, please refer to page 22 of our Annual Report.

We will perform risk assessment annually and disclose in accordance with SGX requirements.

BUSINESS ETHICS

When it comes to hiring, Valuetronics takes any possibility of conflict of interest into serious consideration. Our code of conduct clearly spells out our expectations from our staff and the subsequent consequences if any of the rules are violated or when standards not met. In addition, we also have fair grievance procedures.

The Group also takes measures to guard against cyber security risks in order to protect confidential information for both our internal and external stakeholders. This also applies to our employment process where the privacy of all applicants is safeguarded and access to personal data is restricted to authorised persons on a strict need-to-know basis.

All of our staff are reminded of the importance of upholding the highest standards when it comes to business ethics. We have incorporated business ethics and codes of conduct into our new joiner orientation program, so that all of our employees are fully aware that our compliance with rules and regulations is a key part of running a responsible business.

Valuetronics has complied, in all material aspects, with applicable environmental rules and regulations, anti-competitive behaviour laws, and requirements on health and safety. For FY2019, there were no significant fines or non-monetary sanctions for any non-compliance with the aforementioned laws, regulations and requirements. There have also been no reported incidents of corruption during the reporting period. It is Valuetronics' goal to maintain zero incident of corruption, and we regularly review our policies on whistleblowing and anti-corruption so as to ensure that they are effective.



GRI CONTENT INDEX

GRI Standard	Disclosure		Reference/Description
GRI 101: Foundation 2016			
GENERAL DISCLOSURE			
GRI 102: General Disclosures	102-1	Name of organisation	Valuetronics Holdings Limited
	102-2	Activities, brands, products and services	Annual Report 2019, pages 64-65
	102-3	Location of headquarters	Hong Kong
	102-4	Location of operations	Annual Report 2019, pages 69-70
	102-5	Ownership and legal form	Annual Report 2019, pages 79-80
	102-6	Markets served	Annual Report 2019, pages 64-65, 69-70
	102-7	Scale of the organisation	Annual Report 2019, pages 4 & 40
	102-8	Information on employees and other workers	Sustainability Report 2019, page 10
	102-9	Supply chain	Sustainability Report 2019, page 2
	102-10	Significant changes to the organisation and its supply chain	No significant changes
	102-11	Precautionary Principle or approach	Valuetronics does not specifically address the precautionary approach
	102-12	External initiatives	Sustainability Report 2019, page 13
	102-13	Membership of associations	Not applicable
	102-14	Statement from senior decision maker	Sustainability Report 2019, page 1
	102-16	Values, principles, standards and norms of behaviour	Sustainability Report 2019, page 14
	102-18	Governance structure	Sustainability Report 2019, page 14
	102-40	List of stakeholder groups	Sustainability Report 2019, page 4
	102-41	Collective bargaining agreements	Not applicable
	102-42	Identifying and selecting stakeholders	Sustainability Report 2019, page 4
	102-43	Approach to stakeholder engagement	Sustainability Report 2019, page 4
	102-44	Key topics and concerns raised	Sustainability Report 2019, pages 4-5
	102-45	Entities included in the consolidated financial statements	Annual Report 2019, pages 69-70
	102-46	Defining report content and topic boundaries	Sustainability Report 2019, page 1
	102-47	List of material topics	Sustainability Report 2019, page 5
	102-48	Restatement of information	Not applicable
	102-49	Changes in reporting	Not applicable
	102-50	Reporting period	1 April 2018 to 31 March 2019
	102-51	Date of most recent previous report	29 June 2018
	102-52	Reporting cycle	Annually
	102-53	Contact point for questions about the report	Sustainability Report 2019, page 1
	102-54	Claims if reporting in accordance with the GRI Standards	Sustainability Report 2019, page 1
	102-55	GRI content index	Sustainability Report 2019, page 16 and inside of back cover
	102-56	External Assurance	We may seek external assurance in the future

GRI Standard	Disclosure	Reference/Description
MATERIAL TOPICS		
GRI 201: Economic performance	201-1	Direct economic value generated and distributed Sustainability Report 2019, pages 6-7
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption Sustainability Report 2019, page 7
GRI 307: Environmental compliance	307-1	Non-compliance with environmental laws and regulations Sustainability Report 2019, page 8
GRI 308: Supplier environmental assessment	308-1	New suppliers that were screened using environmental criteria Sustainability Report 2019, page 8
GRI 403: Occupational health and safety	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities Sustainability Report 2019, pages 11-12
GRI 404: Training and education	404-1	Average hours of training per year per employee Sustainability Report 2019, page 12
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees Sustainability Report 2019, page 10
GRI 408: Child labour	408-1	Operations and suppliers at significant risk for incidents of child labor Sustainability Report 2019, page 11
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs Sustainability Report 2019, page 13



VALUETRONICS HOLDINGS LIMITED

Unit 9-11, 7/F Technology Park, No. 18 On Lai Street,
Shatin, New Territories, Hong Kong

T 852 2790 8278 | F 852 2304 1851

www.valuetronics.com.hk