Annual Reports and Related Documents::

Issuer & Securities

Issuer/ Manager	VALUETRONICS HOLDINGS LIMITED
Securities	VALUETRONICS HOLDINGS LIMITED - BMG9316Y1084 - BN2
Stapled Security	No

Announcement Details

Announcement Title	Annual Reports and Related Documents
Date & Time of Broadcast	08-Jul-2015 07:16:21
Status	New
Report Type	Annual Report
Announcement Reference	SG150708OTHRZK6I
Submitted By (Co./ Ind. Name)	Tse Chong Hing
Designation	Chairman and Executive Director
Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)	Please see attached.

Additional Details

Period Ended	31/03/2015

Attachments	Valuetronics Holdings Limited Annual Report 2015.pdf Total size =1585K

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VALUETRONICS HOLDINGS LIMITED ANNUAL REPORT 2015

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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 has grown over the years to become more than an integrated EMS provider with principal business segments ranging from Consumer Electronics ("CE") Products to Industrial and Commercial Electronics ("ICE") Products. 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, sets us apart from traditional EMS providers. Our wide product and customer range is a testimony of the success in adopting this philosophy and proof of our spectrum of competence, while we continue to develop long-term relationships with global customers in the consumer, commercial, industrial and medical equipment industries by constantly focusing on their objectives, priorities and delivery needs.

Today, we are a premier design, manufacturing partner for the world's leading brands in the consumer, industrial and commercial electronics 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 delighted to present the annual report of Valuetronics Holdings Limited ("Valuetronics" or the "Group") for the financial year ended 31 March 2015 ("FY2015"). Amidst the challenging industry conditions and an ever-changing business environment due to uncertainties in the global economy, we have once again demonstrated our adaptability and maintained our profitability in FY2015.

The year in review

During the financial year, Valuetronics continued to benefit from the strong performance in our Industrial and Commercial ("ICE") segment, due to our continued focus on growing this segment. This has mitigated the slowdown in our Consumer Electronics ("CE") segment which is affected by challenging business conditions for our CE products, in particular LED lighting products.

In FY2015, we have seen our net profit grew 0.9% to HK$149.2 million from HK$147.9 million in the financial year ended 31 March 2014 ("FY2014"). Although our revenue decreased slightly by 0.2% to HK$2,429.3 million in FY2015 from HK$2,433.3 million in FY2014 due to a slowdown in demand from our CE customers, it was offset by the strong growth in our ICE segment.

Our gross profit increased by 1.4% to HK$331.4 million in FY2015 from HK$326.8 million in FY2014, while gross profit margin improved from 13.4% in FY2014 to 13.6% in FY2015. This improvement in gross profit margins was mainly due to changes in the product sales mix during the year. Our net profit margin remained stable despite rising cost pressures in the People's Republic of China ("PRC"), and our working capital remained healthy with operating activities generating a positive operating cash flow.

Our balance sheet remained strong, which has resulted in a notable increase in our net asset value per share from 197.2 HK cents as at 31 March 2014 to 215.8 HK cents as at 31 March 2015.

Challenges

In FY2015, customers in CE segment continued their aggressive pricing strategies for mass market products, especially in the LED lighting products. Furthermore, the significant rising labour costs in the PRC due to annual increases in the minimum wage, continued to impact our operational cost.

However, Valuetronics has always been resilient, with its proven track record of effective management and allocation of resources. Even though the demand from ICE segment increased during the year, we have increased our worker productivity, allowing us to maintain a headcount of around 4000 workers while still achieving considerable profit. At the same time, we have maintained our effective utilisation of factory space and production machinery without resorting to significant increases in capacity to meet the increased demands. We will continue to maintain this disciplined approach to business, so as to ensure sustainable returns to shareholders.

In terms of cash management, we maintained zero bank borrowings while our cash and cash equivalents increased to HK$505.8 million as at 31 March 2015 as compared to HK$477.9 million as at 31 March 2014. We will continue to balance our dividend payout to shareholders, with our prudent conservation of cash, which is a strategic asset in our business.

Dividend

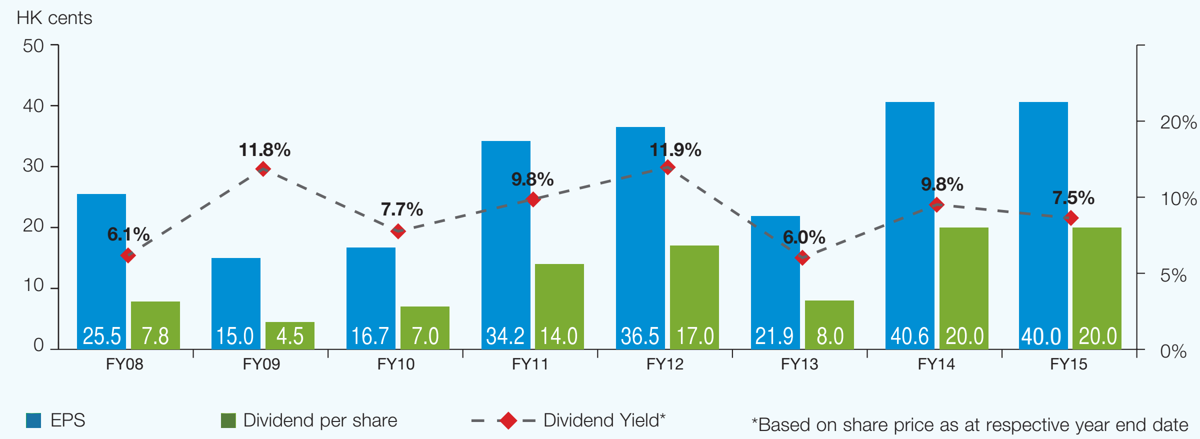
As a reward to our shareholders for their continued support, the Board is recommending a Final Dividend of 16 HK cents per share and Special Dividend of 4 HK cents per share, both of which will be subject to shareholders' approval at the Annual General Meeting ("AGM"). In aggregate, the Final and Special Dividends amount to 50.0% of the net profit to shareholders, which exceeds our minimum dividend payout target of 30.0% of our net profit attributable to shareholders in our existing formal dividend policy. This is in line with our consistent dividend payout history since our listing in 2007.

Outlook

In tandem with our strategy of steadily growing our ICE portfolio which we have done over the past few years, our ICE segment has delivered a third consecutive year of growth with a strong 20% revenue growth in FY2015. This has helped us to counterbalance business fluctuations in the CE segment as customers adjust their pricing strategies. We will continue to acquire new ICE customers for value as ICE products are largely a high

CHAIRMAN'S STATEMENT

EARNINGS PER SHARE (EPS), DIVIDEND PER SHARE, AND DIVIDEND YIELD*



mix-low volume business and will take advantage of our growth momentum over the medium term.

We see that customers in the CE segment will continue their aggressive pricing strategies for mass market products, especially for LED lighting products. The extent of the price reduction expected by some CE customers on the Group may erode our efforts on cost controls, improved operational efficiency and supply chain productivity and will eventually affect margins. As such, to reduce our reliance on LED lighting products, Valuetronics will continue to leverage its integrated and scalable manufacturing capabilities, as well as expertise in LED lighting and home appliance products to actively pursue new product lines in the CE segment.

On the cost side, we will continue our efforts to manage cost, increase productivity and improve efficiency while effectively managing our existing resources. Should the need arise for increased production space and capacity to meet additional demands in the long term, we may consider the development of a fourth factory building on the vacant piece of land at our Daya Bay production facility.

Closing Remarks

In appreciation, I would like to once again thank our shareholders for their continuous support in FY2015. I would also like to express my gratitude to the board, management, staff and business associates for their invaluable advice, service and business support over the years.

I also wish to take this opportunity to accord our appreciation for our Lead Independent Director, Mr Chow Kok Kee who will be retiring at the forthcoming AGM, for his sterling service to the Company. Mr Chow's contributions to the Group as Lead Independent Director have been immeasurable and I wish him all the best. At the same time, we will be appointing a new Independent Director, Mr Loo Cheng Guan who will be joining our Board upon shareholder approval at the forthcoming AGM.

As Valuetronics ushers the new financial year, I am confident that our strategies and capabilities will be able to weather the fast moving technological and business environment as we continue our focus on growing our business for the long term.

TSE CHONG HING
Chairman and Managing Director

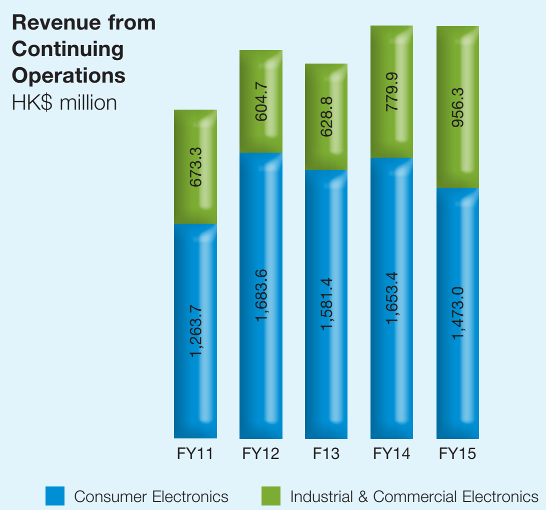
FINANCIAL HIGHLIGHTS

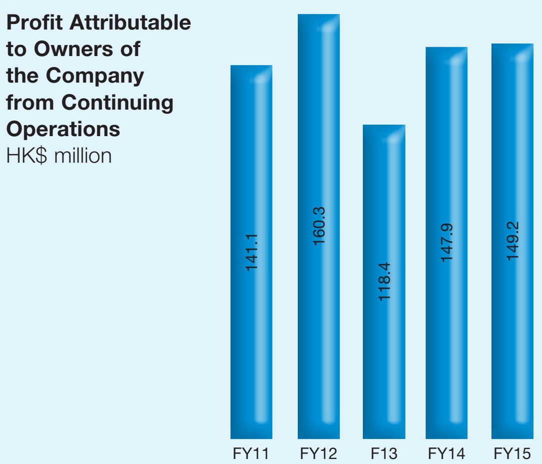
5 Years Summary

31 March		2011	2012	2013	2014	2015
Results (HK$ million)						
Continuing operations						
Revenue	Consumer Electronics	1,263.7	1,683.6	1,581.4	1,653.4	**1,473.0**
	Industrial & Commercial Electronics	673.3	604.7	628.8	779.9	**956.3**
	Total	1,937.0	2,288.3	2,210.2	2,433.3	**2,429.3**
Gross profit		303.0	321.3	270.2	326.8	**331.4**
Profit before tax		157.0	178.5	131.3	166.9	**167.7**
Profit attributable to owners of the Company		141.1	160.3	118.4	147.9	**149.2**
Cash generated from operations		46.2	264.4	92.0	311.8	**190.0**
Discontinued operations						
Revenue	Licensing	33.4	90.3	32.7	–	**–**
Loss attributable to owners of the Company		(19.9)	(30.0)	(39.8)	–	**–**
Assets & Liabilities (HK$ million)						
Total assets		1,031.4	1,233.4	1,112.4	1,421.5	**1,522.7**
Total liabilities		555.2	665.0	520.2	695.0	**714.1**
Total equity		476.2	568.4	592.2	726.6	**808.5**
Net cash&		98.2	243.7	221.6	477.9	**505.8**
Per share data (HK cents)						
Earnings per share - basic		34.2	36.5	21.9	40.6	**40.0**
Dividend per share		14.0	17.0#	8.0	20.0@	**20.0@**
Net asset value per share		133.9	158.5	164.5	197.2	**215.8**
Key ratios (%)						
Gross profit margin (continuing operations)		15.6%	14.0%	12.2%	13.4%	**13.6%**
Net profit margin (continuing operations)*		7.3%	7.0%	5.4%	6.1%	**6.1%**
Return on assets		11.8%	10.6%	7.1%	10.4%	**9.8%**
Return on equity		25.5%	22.9%	13.3%	20.4%	**18.5%**
Dividend payout ratio		40.9%	46.6%	36.5%	49.3%	**50.0%**

& Net cash is calculated by bank and cash balances minus bank borrowings and overdrafts
* Net profit margin is calculated by profit attributable to owners of the Company to revenue

Included special dividend of HK 1 cent
@ Included special dividend of HK 4 cents





FINANCIAL REVIEW

Revenue

The Group recorded a marginally decrease in revenue of 0.2% for FY2015, from HK$2,433.3 million in FY2014 to HK$2,429.3 million in FY2015. The decrease was mainly attributable to the slowdown in demand from the Group's Consumer Electronic ("CE") customers in the LED lighting business. This was offset by an increase in demand from the Group's existing Industrial and Commercial Electronics ("ICE") customer portfolio and new customers.

The CE segment recorded a decrease of 10.9% in revenue to HK$1,473.0 million in FY2015 from HK$1,653.3 million in FY2014, while the ICE segment recorded an increase of 22.6% in revenue to HK$956.2 million in FY2015 from HK$779.9 million in FY2014.

Gross profit and gross profit margin

The Group's gross profit for FY2015 increased by 1.4% to HK$331.4 million with an improvement of 0.2 percentage points in gross profit margin from 13.4% in FY2014 to 13.6% in FY2015. The improvement in gross profit margin was mainly due to the change in product sales mix during the year.

Other income

The Group's other income increased by 23.7% to HK$15.6 million in FY2015, which was mainly due to the increase in interest income.

Selling and distribution costs

The Group's selling and distribution costs decreased by 10.7% to HK$34.7 million in FY2015 as there was a stricter control in marketing expenses.

Administrative expenses

The Group's administrative expenses increased by 11.2% to HK$144.7 million in FY2015 mainly due to the increase in PRC staff costs.

Profit for the year

As a result of the above, the Group's profit for the year saw an increase of 0.9% from HK$147.9 million in FY2014 to HK$149.2 million in FY2015.

Dividend

A final dividend of 16 HK cents per share and a special dividend of 4 HK cents per share is proposed for FY2015, which represented a dividend payout ratio of 50.0% as compared to a dividend payout ratio of 49.3% in FY2014.

Financial position and cash flows

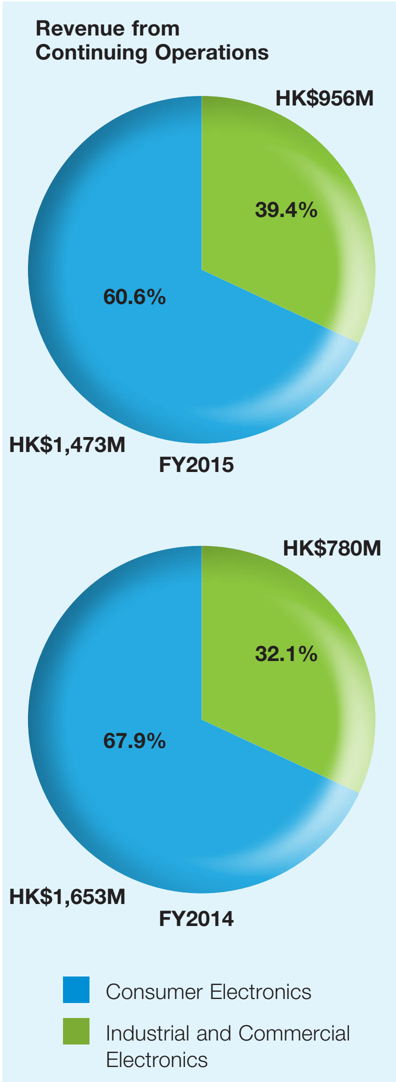
As at 31 March 2015, the Group had net current assets of HK$559.1 million compared to HK$514.5 million as at 31 March 2014. Total assets were recorded at HK$1,522.7 million as at 31 March 2015 (31 March 2014: HK$1,421.5 million) and shareholders' funds of HK$808.5 million as at 31 March 2015 (31 March 2014: HK$726.6 million).

The Group's trade receivables decreased by HK$0.2 million from HK$517.2 million as at 31 March 2014 to HK$517.0 million as at 31 March 2015. Trade payables decreased by HK$6.6 million from HK$354.0 million as at 31 March 2014 to HK$347.4 million as at 31 March 2015. The Group's inventories increased by HK$23.0 million from HK$198.9 million as at 31 March 2014 to HK$221.9 million as at 31 March 2015.

The working capital of the Group as at 31 March 2015, which is the sum of trade receivables and inventories less trade payables, was recorded at HK$391.5 million, compared to HK$362.1 million as at 31 March 2014.

In FY2015, the Group acquired three units of industrial properties of approximately 1,000 square feet each in the same building where the Group's Hong Kong office and warehouse are located. These acquisitions amounted to an aggregate of HK$14.8 million and were financed through internal resources, which are intended for the Group's future expansion. These three units are under short term leases to separate unrelated third parties.

Additionally, the Group invested HK$55.2 million in a portfolio of fixed income bonds during the year as part of the Group's liquidity and medium term cash flow management.



As at 31 March 2015, the Group had cash and cash equivalents of HK$505.8 million, increased from HK$477.9 million as at 31 March 2014 due to the strong free cash flow generated by the Group. Over 94% of the Group's cash and cash equivalents were placed in reputable financial institutions in Hong Kong, with the remaining balance placed in equivalent reputable financial institutions in the PRC. These cash and cash equivalents are annually audited by the Group's auditors.

The Group had no bank borrowings as at 31 March 2015 (31 March 2014: Nil).

OPERATIONS REVIEW

In FY2015, the Group recorded a 0.9% increase in its net profit attributable to shareholders. This positive result amidst challenges in business conditions for our CE segment, is mainly attributable to the significant growth in our ICE segment which has also helped to improve our gross profit margins.

Consumer Electronics ("CE")

Despite the slowdown in demand of LED lighting products during FY2015, LED lighting products continued to contribute to a large portion of our CE sales revenue. Our LED lighting products customer has maintained aggressive pricing strategies for its mass market products and this likely to continue. The price reduction expectation for this customer may erode our efforts on cost controls, higher operational efficiency and supply chain productivity. Nevertheless, our CE segment benefitted from the steady and stable contribution from our personal care products in FY2015.

As the aggressive pricing strategy by CE customers for mass market products will eventually affect our margins, we have been reviewing our CE portfolio with the aim of focusing more on higher value-added products as opposed to mass market products. We will also leverage on our expertise in LED lighting and home appliance products coupled with our integrated and scalable manufacturing capability, to extend our manufacturing services for higher value-added products, and hence better manage our past dependence on LED mass market lighting products.

Industrial Commercial Electronics ("ICE")

In FY2015, our ICE customers continued to flourish and contribute to the Group's revenue with a strong 20% revenue growth. This is the third consecutive year of growth for the ICE segment and it is mainly due to the strong growth of the existing ICE customer base as well as contributions from new customers.

One of the new ICE customers has also undergone a supplier consolidation and we are proud to emerge as one of their key suppliers following the consolidation. The move by this customer is a strong testimony of the quality of our value-added engineering abilities, where we have value-added input to our customers' design and development process, while reducing their total cost of purchase at the same time.

We produce a range of complex and sophisticated products for our ICE customers, which include telecommunication products for commercial application, high precision GPS products, temperature sensing devices, and transactions printers to name a few. These ICE customers continue to be successful key market players in their respective industry segments, we believe that we will continue to ride on their success and growth.

In addition, our wide product portfolio from a range of brand owners in different industries also showcases our production capabilities and adaptability to develop and manufacture a wide variety of products. We believe that with our production capacity, design and development capabilities, engineering, and manufacturing knowledge, we are able to cater for a larger pool of new products and extended customer base in the near future.

Process Improvements

The Group continuously dedicates our efforts on improving manufacturing, logistics and quality processes. These efforts include process automation like the development of in-house machines and automation equipment to maintain high quality manufacturing output while enhancing efficiency and reducing wastage.

The Group is in our fifth year of lean manufacturing. Lean manufacturing activities include more streamlined production workcells, early material quality detection, just-in-time material distribution from the warehouse to the material bins at work stations.

The Group has gradually rolled out Manufacturing Execution System ("MES") across all our production units in FY2015. MES is a comprehensive shop-floor production management system that collects production and quality data at any determined point of the entire manufacturing process in order to promptly monitor, analyse, react and improve the process.

The Group is also investing in an upgraded version of MES, known as Intelligent Management System ("IMS"). IMS capabilities include real time monitoring of the production process and automatic scheduling adjustment, and better inventory management in the warehouse through real time material consumption feedback through ERP.

Human Capital

The Group recognises that every employee is an asset and employs various HR strategies and initiatives to attract and retain good staff. The areas of organisational structure, job ranking

and evaluation, goal setting and performance appraisals have all been recently revamped to enhance employee performance, develop a high performance culture and increase overall organisational effectiveness. The Group also continues to engage staff and encourage their commitment with various welfare-oriented activities, all the way to the worker level.

The overall shortage of talent in Greater China has created an upward pressure on salaries as talented professionals based on the mainland often receive significant salary increases. As the Group deals with this market trend, it will also emphasise career development and the building of long-term career paths for its top employees so as to prevent situations where these employees will seek greener pastures over mere wage dissatisfaction.

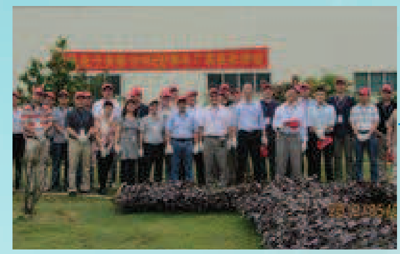
Outlook

In FY2015, the gradually improving global economy, expanding product portfolio, and on-going operating efficiency improvements have laid the foundation for our future growth. We will continue our success by expanding our customer base.

With a larger customer base and opportunities in the pipeline, the Group is well positioned to take advantage of the growth in the ICE segment over the medium term. Our customers in the CE segment are likely to continue their aggressive pricing strategies for mass market products, especially LED lighting products. On our part, we will continue to make further efforts in the areas of cost management and continuous improvement and invest in process automation and intelligent manufacturing systems that improve labour efficiency, logistics and overall productivity.

In the coming year, we will continue to leverage on our product development experience, integrated and scalable manufacturing capabilities, and expertise in different technologies to focus more on higher value-added products and expand our ICE segment further. We believe that with our strong track record and management capabilities, we can maintain our long term growth.

KEY MILESTONES



2014
- Adoption of formal dividend policy

2013
- Completed more than 40 in-house Process Automation Projects
- Revenue sustained above HK$ 2 billion mark

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 specializes 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.

MR CHOW KOK KEE

Lead Independent Director

Chow Kok Kee was appointed as the Lead Independent Director of our Company on 6 February 2007. Mr Chow is currently the Managing Director of ACTA Investment & Services Pte Ltd ("ACTA"). Mr Chow's working experience began in June 1976 with six years in the government administrative service holding management positions in the Ministry of Defence and the Ministry of Education. Subsequently, from September 1982, he was employed by DBS Bank Ltd for 15 years working in various areas of financial services including Corporate Planning, Planning and Support, Credit and Marketing, Finance, Tax and Settlements, and International and Correspondent Banking. In August 1997, he assumed his current position as Managing Director of ACTA. A Colombo Plan scholar, he graduated from the University of Newcastle, Australia, with Bachelor of Commerce (1974) and Bachelor of Engineering (First Class Honours, 1975) degrees. He was awarded the University Gold Medal for academic excellence. He also holds a Master of Business Administration degree from the National University of Singapore. Mr Chow is a Member of Institute of Engineers, Australia, an Associate of the Institute of Chartered Secretaries and Administrators, and a Fellow of the Singapore Institute of Directors. He also sits on the Boards of Chosen Holdings Ltd, Tuan Sing Holdings Ltd and M1 Ltd. He was Director of Meiban Group Ltd and Innovalues Ltd, in the last three years.

BOARD OF DIRECTORS

MR ONG TIEW SIAM

Independent Director (appointed on 22 July 2014)

Ong Tiew Siam has more than 34 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

Non-Executive Director (appointed on 22 July 2014)

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.

PROPOSED DIRECTOR

As part of the Board renewal process, the Board has accepted the recommendation of the Nominating Committee on the appointment of Mr Loo Cheng Guan as an Independent Director of the Company in place of Mr Chow Kok Kee who will step down as Lead Independent Director of the Company on 24 July 2015 after the conclusion of the forthcoming Annual General Meeting. The approval on the appointment of the proposed Director is subject to the passing of Resolution 8 in the Notice of Annual General Meeting (page 79).

MR LOO CHENG GUAN

Independent Director

Loo Cheng Guan is a Non-Executive Director of C&G Environmental Protection Holdings Ltd which is listed on Singapore Exchange ("SGX-ST"). He is a Chairman of 1 Rockstead GIP Fund II Pte Ltd, Director of Amalgam Capital Partners Pte Ltd, Brash Asia Pte Ltd and Advance SCT Ltd, which are listed on the SGX-ST. Mr Loo has more than 25 years of experience in finance, management and business experience, having spent a significant portion of his career advising on mergers and acquisitions, growth strategies and structuring and negotiating investments that achieve appreciation for investors. He is a fellow member of Hong Kong Institute of Directors and a member of Singapore Institute of Directors. Mr Loo holds a Bachelor of Economics (Honours) and MBA from Monash University in Melbourne.

KEY MANAGEMENT

MR HUNG KAI WING
Director, Honor Tone Limited

Hung Kai Wing is Director of our Company'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 Director of our Company'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

Ho Yam Hin is the General Manager of our Plastics Division and he joined our Group in March 2000. He assists 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, Quality Management, Human Resources administration and Campus/Facilities administration.

Mr Huang has more than 20 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.

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 the Higher School of Engineering, Marseilles, France, and a Master of Business Administration degree from the University of Rochester, USA.

MR PETER LAU TAK WAH
Senior Business Unit Manager (Resigned on 31 May 2015)

Peter Lau was one of our Group's Senior Business Unit Managers and he joined our Group in September 2004 and resigned on 31 May 2015. He was responsible for the overall business management for one of the Group's business units. He drove the strategy and effectiveness of the business unit with different functional team members to meet the Group's objectives.

Mr Lau has over 20 years of experience in Customer Program Management in different top tier EMS companies. He holds a Master of Business Administration degree in Management from the Southeastern University, USA, a Bachelor of Science degree in Applied Computing from the Open University of Hong Kong and a Higher Diploma in Production and Industrial Engineering from the Hong Kong Polytechnic University.

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
Group Financial Controller

Joseph Lui joined our Group as Financial Controller in 2012 and was promoted to Group Financial Controller in November 2013. Mr Lui oversees the Group's finance and accounting functions, including treasury, tax planning, investor relations, internal and external reporting matters of the Group.

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.

CORPORATE INFORMATION

Board of Directors

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

Independent and Non-Executive
Chow Kok Kee (Lead Independent Director)
Ong Tiew Siam
Tan Siok Chin

Audit Committee
Chow Kok Kee (Chairman)
Ong Tiew Siam
Tan Siok Chin

Nominating Committee
Ong Tiew Siam (Chairman)
Chow Kok Kee
Tan Siok Chin

Remuneration Committee
Chow Kok Kee (Chairman)
Ong Tiew Siam
Tan Siok Chin

Company Secretaries
Tan San-Ju
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Partner in charge: Wong Wo Cheung
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Partner in charge: How Beng Tiong Derek
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[1] Appleby Services (Bermuda) Ltd is the assistant secretary of the Company

CORPORATE GOVERNANCE REPORT

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

This Corporate Governance Report (the "Report") describes the Company's corporate governance practices with specific reference to each of the principles set out in the Code of Corporate Governance 2012 (the "Code"). Unless otherwise stated in the Report below, the Company confirms that it has adhered and complied with the principles and guidelines set out in the Code.

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. In managing the Group's business, the Board also performs the following key functions:

(a) Supervises the overall management of the business and affairs of the Group;

(b) Approves the Company's key strategic and operational matters, financial and funding decisions;

(c) Regularly reviews business plans of the Group and the Company;

(d) Reviews and monitors financial performance of the Group and the Company;

(e) Establishes and maintains a sound system of internal controls, covering not only financial controls but also operational, IT and compliance controls; and

(f) Reviews the adequacy and improvement of the Group's internal controls systems.

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.

The Board will consider sustainability issues, such as environmental and social factors, as part of its strategic formulation, in line with the recommendation of the Code.

Board Committees have been established to assist the Board in discharging its responsibilities and to enhance the Group's corporate governance framework. The Board Committees comprise the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"), which have been delegated with specific authority and certain functions. Each Board Committee functions within its own defined terms of reference and procedures. All the committees are chaired by an Independent Director.

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 significant business activities and the overall business environment in which the Group operates. The regular meetings are scheduled in advance to facilitate each individual Director's planning in view of his/her ongoing commitments. Ad-hoc meetings are held as and when required to address any 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 meetings of the Board and the Board Committees during the financial year under review are disclosed below:

Meeting of	**Board**	**AC**	**NC**	**RC**
Total held in FY2015	4	4	1	1
Executive Directors				
Tse Chong Hing	4	N/A	N/A	N/A
Chow Kok Kit	4	N/A	N/A	N/A
Hung Kai Wing (Note 1)	1	N/A	N/A	N/A
Non-Executive Director				
Tan Siok Chin (Note 2)	3	3	–	–
Independent Directors				
Chow Kok Kee	4	4	1	1
Lim Chin Tong (Note 3)	1	1	1	1
Ong Tiew Siam (Note 2)	3	3	–	–
Wu Tak Lung (Note 3)	1	1	1	1

Notes –

(1) Mr Hung Kai Wing retired as an Executive Director of the Company on 27 May 2014.

(2) Ms Tan Siok Chin and Mr Ong Tiew Siam were appointed a Non-Executive Director and an Independent Director of the Company respectively on 22 July 2014.

(3) Mr Lim Chin Tong and Mr Wu Tak Lung retired as Independent Directors of the Company on 22 July 2014.

Orientations are organised for new Directors, when appointed, that include briefings by Management on the Group's structure, businesses, operations and governance policies. As part of their continuing education and to keep themselves apprised and updated, the Directors may attend courses/briefings on directors' duties and responsibilities and/or developments in the corporate governance practices, financial reporting standards and regulatory, legal and other requirements, including insider trading legislation and the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), at the Company's expenses. During the year, the Company has arranged training for the Directors on "Second Edition of Guidebook for Audit Committee ".

CORPORATE GOVERNANCE REPORT

Principle 2: Board Composition and Guidance

The Board currently comprises two Executive Directors, one Non-Executive Director and two Independent Directors:–

Name of Directors	Board of Directors	Date of appointment	Date of last re-election	AC	NC	RC
Tse Chong Hing	Chairman and Managing Director	25 August 2006	29 July 2013	–	–	–
Chow Kok Kit	Executive Director	25 August 2006	29 July 2013	–	–	–
Tan Siok Chin	Non-Executive Director	22 July 2014	–	Member	Member	Member
Chow Kok Kee	Lead Independent Director	6 February 2007	17 July 2012	Chairman	Member	Chairman
Ong Tiew Siam	Independent Director	22 July 2014	–	Member	Chairman	Member

There is an independent element on the Board, where one-third are Independent Directors who offer independent and alternative views on the Group's business and corporate activities. The NC, who has the responsibility of reviewing the independence of Directors on an annual basis, had adopted the Code's definition of "independent" Director.

For financial year ended 31 March 2015 ("FY2015"), none of the Independent Directors have served on the Board beyond 9 years from the date of his first appointment who is subject to particularly rigorous review.

Independent Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide different 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 size and composition of the Board is reviewed regularly for effective decision making, taking into account the nature and scope of the Group's operations. The Directors bring with them a wide spectrum of industry skill, experience, management expertise and objective perspective to effectively lead and direct the Group.

Non-Executive Directors communicate with each other without the presence of Management as and when the need arises.

As part of the Board renewal process, the Board has accepted the recommendation of the NC on the appointment of Mr Loo Cheng Guan as an Independent Director in place of Mr Chow Kok Kee who will step down as Lead Independent Director ("**LID**") on 24 July 2015 after the conclusion of the Annual General Meeting ("**AGM**").

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

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, would allow for more 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 workings of the Board and the executive responsibilities of the Company's business are interconnected. The Chairman is deeply involved in managing the daily operations of the Company and understanding the business of the Company and the Group thoroughly. Being the Managing

CORPORATE GOVERNANCE REPORT

Director, Mr Tse is in the position to provide better guidance to the decisions and workings of the Board as the Chairman. The Chairman schedules meetings and sets the Board agenda in consultation with Management and the Company Secretary.

Mr Chow Kok Kee, the LID, is available to address shareholders' concerns on issues that cannot be appropriately dealt with by the Chairman and Managing Director or the Group Financial Controller. He can also facilitate periodic meetings with the other Non-Executive Directors on board matters, when necessary 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 better ensuring compliance with and implementation of corporate governance practices.

Principles 4 & 5: Board Membership and Board Performance

The NC is regulated by a set of written terms of reference and comprises one Non-Executive Director and two Independent Directors:

Ong Tiew Siam, Chairman
Chow Kok Kee
Tan Siok Chin

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

The responsibilities of NC, in accordance with written terms of reference duly adopted by the Board, are as follows:

(a) to review the structure, size and composition of the Board;

(b) to determine and assess the Director's independence;

(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 programmes 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.

The Company's process for the selection and appointment of new Directors provides the procedure for identification of potential candidates for nomination to the Board. The NC assesses the candidates' suitability based on skills set, experience and industry knowledge, before making any recommendation to the Board.

The NC has adopted internal guidelines to address competing time commitments of Directors who serve on multiple boards and have other major 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 multiple board representations held by the Directors of the Company do not impede their performance in carrying out their duties to the Company.

CORPORATE GOVERNANCE REPORT

The Company does not have alternate Directors.

The NC has reviewed the independence of the Board members with reference to the guidelines set out in the Code and has determined that Mr Chow Kok Kee and Mr Ong Tiew Siam to be independent.

The NC has assessed Mr Chow Kok Kee's ability to discharge his duties and responsibilities as AC Chairman and LID based on his performance, contributions and commitment for the financial year under review. Despite his multiple directorships, the NC is of the opinion that Mr Chow Kok Kee has discharged his duties and responsibilities satisfactorily.

A performance evaluation was conducted for the Board as a whole and each of its Board Committees (namely, the AC, NC and RC) in FY2015. This evaluation exercise reviewed the effectiveness of the Board as a whole and of the Board Committees and provided an opportunity to obtain constructive feedback from each Director and Board Committee member on whether procedures and processes in place had allowed him/her to discharge his/her duties effectively. They were also encouraged to propose changes which may be made to enhance the effectiveness of the Board and Board Committees.

The performance evaluation for FY2015 was conducted by having all Directors complete a questionnaire. The findings of the performance evaluation are discussed with the Chairman of the Board and of each Board Committee, with appropriate actions taken. No external facilitator was engaged by the Board for this purpose.

The NC is of the view that the current performance evaluation carried for the Board as a whole and Board Committees is sufficient and there is no necessity to carry out an evaluation of each individual Director for the time being.

The Company's Bye-Laws provides that one-third of the Board is to retire annually by rotation at its AGM and the Directors to retire in every year will be those who have been longest in office since their last election. Retiring Directors are eligible to offer themselves for re-election. Newly appointed Directors will retire at the next AGM following their appointments.

Mr Chow Kok Kee, who is due for re-election at the forthcoming AGM, has expressed his intention to step down as LID of the Company, as part of the Board renewal process.

The NC has recommended the nomination of Mr Chow Kok Kit, Mr Ong Tiew Siam and Ms Tan Siok Chin, who are due for re-election at the forthcoming AGM of the Company. The three Directors had signified their consent to continue in office. The Board has accepted the NC's recommendation and accordingly Mr Chow, Mr Ong and Ms Tan will be offering themselves for re-election at the AGM.

In recommending Directors for re-appointment to the Board, the NC considers each of their contribution including attendance and participation at Board and Board committees and the time and efforts accorded to the Group's business and affairs.

Each NC member abstained from voting on any resolution in respect of the assessment of his/her performance and contributions for re-nomination as a Director of the Company.

Principle 6: Access to Information

Management provides the Board with complete, adequate and timely information prior to the Board meetings and on an ongoing basis and with management accounts on a timely basis;

- To ensure that the Board is equipped to discharge its responsibilities; and
- To keep the Board apprised of the Group's performance and developments.

All Directors have separate and independent access to the Group's senior management and the Company Secretary. Whenever necessary, the Board can seek independent professional advice in the course or furtherance of their duties at the Company's expense.

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The Company Secretaries and/or their representative(s) provide secretarial support to the Board and ensure adherence to Board procedures and relevant rules and regulations which are applicable to the Company. One of the Company Secretaries attends all Board and Board Committee meetings. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Subject to the Board's approval, Directors, whether as a group or individually, may seek and obtain independent professional advice, at the Company's expense, to assist them with their duties.

REMUNERATION MATTERS

Principles 7 & 8: Procedures for Developing Remuneration Policies and Level and Mix of Remuneration

The RC, regulated by its own written terms of reference, comprises one Non-Executive Director and two Independent Directors:

Chow Kok Kee, Chairman
Tan Siok Chin
Ong Tiew Siam

Although none of the members specialises in the field of executive compensation, members of the RC do possess broad knowledge in this area and have access to external professional advice. The RC is competent in reviewing and recommending to the Board the appropriate remuneration framework for the Board and key management in accordance with the terms of reference duly adopted by the Board.

The Executive Directors' remuneration packages are based on service agreements. The remuneration packages comprise a basic salary component and a variable component which is the annual incentive bonus based on the performance of the Company as a whole and their individual performance. In addition, they are eligible to participate in the Company's Share Option Scheme ("**ESOS**") and Performance Share Plan ("**PSP**"), which is performance related and designed to align their interests with those of the shareholders. In determining specific remuneration packages for each Executive Director and key management, 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 reviews 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 results that have actually delivered by its Executive Directors and key management, "claw back" provisions in the service contracts may not be relevant or appropriate. The Independent Directors are paid Directors' fees based on their contributions and responsibilities on the Board and Board Committees. The recommendations made by the RC in respect of the Independent Directors' fees are subject to shareholders' approval at the AGM.

The RC has recommended to the Board that the Directors' fees for the year ending 31 March 2016 will be S$213,000 and to be paid quarterly in arrears. This recommendation will be tabled for shareholders' approval at the forthcoming AGM.

No external facilitator had been engaged by the Board for advice and remuneration matters for FY2015. The RC has access to professional advice, if required.

CORPORATE GOVERNANCE REPORT

Principle 9: Disclosure on Remuneration

The breakdown of Directors' remuneration for FY2015 is set out below:

Remuneration Band and Name of Director	Salary (%)	Bonus (%)	Fee (%)	Benefits* (%)	Total (%)
Below S$250,000					
Chow Kok Kee	–	–	100%	–	100%
Lim Chin Tong (Note 1)	–	–	100%	–	100%
Ong Tiew Siam (Note 2)	–	–	100%	–	100%
Tan Siok Chin (Note 2)	–	–	100%	–	100%
Wu Tak Lung (Note 1)	–	–	100%	–	100%
Between S$500,000 – S$750,000					
Hung Kai Wing (Note 3)	15%	47%	–	38%	100%
Between S$1,500,000 – S$1,750,000					
Chow Kok Kit	20%	79%	–	1%	100%
Between S$2,000,000 – S$2,250,000					
Tse Chong Hing	20%	79%	–	1%	100%

The remuneration of the top 5 key management personnel of the Group (who are not Directors) fall within the following bands:

Remuneration Band and Name of Key management	Salary (%)	Bonus (%)	Fee (%)	Benefits* (%)	Total (%)
Below S$250,000					
Huang Jian Yuan	67%	12%	–	21%	100%
Lui Ka Ho Joseph	69%	17%	–	14%	100%
Between S$500,000 – S$750,000					
Wong Hing Kwai	10%	90%	–	–	100%
Between S$750,001 – S$1,000,000					
Loic Meston	31%	59%	–	10%	100%
Between S$1,500,000 – S$1,750,000					
Hung Kai Wing (Note 3)	17%	55%	–	28%	100%

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

Notes –

(1) Mr Lim Chin Tong and Mr Wu Tak Lung retired as Independent Directors of the Company on 22 July 2014.

(2) Ms Tan Siok Chin and Mr Ong Tiew Siam were appointed a Non-Executive Director and an Independent Director of the Company respectively on 22 July 2014.

(3) Mr Hung Kai Wing retired as an Executive Director of the Company on 27 May 2014. Following his retirement, he continued to be a key management of the Company. The breakdown of his remuneration as a Director (from 1 March 2014 to 26 May 2014) and a key management (from 27 May 2014 to 31 March 2015) are disclosed in the tables above.

CORPORATE GOVERNANCE REPORT

Given the confidentiality and sensitivity of remuneration matters, the Company has not disclosed the exact details of the remuneration of the Directors. The Company has, however, disclosed the breakdown of the remuneration of the Directors. The annual aggregate remuneration paid to the key executives (who are not Directors of the Company) is approximately S$4,078,000.

During the year under review, no employee whose annual remuneration exceeded S$50,000 was related to the Chairman and Managing Director, other Directors or substantial shareholders of the Company.

The Company has in place two share schemes in the form of the ESOS and the 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.

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 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 and such explanation and information on a regular basis and/or as and when required, to enable the Board to make an informed assessment of the Group's performance, financial position and prospects.

Principle 11: Risk Management and Internal Controls

The Group has established a system of 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 in order to identify areas of significant business 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 the risk management activities within the Group.

The Board acknowledges that risk is inherent in business and there are commercial risks to be taken in the course of generating a return 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 will table and recommend processes to the Board for their deliberation for formulating policies to deal with the risks. The Board will also approve the recommended processes in managing the risks, which could include a combination of measures/controls to limit or reduce the Group's exposure to the risks and/or possible losses.

Key management staff from the various business units would be 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 recognises that no system of internal control can provide absolute assurance against the occurrence of material financial misstatements or losses, poor judgment in decision-making, human errors, fraud or other irregularities.

CORPORATE GOVERNANCE REPORT

The Board has received assurance from the Managing Director (equivalent to CEO) and the Group Financial Controller (equivalent to CFO) regarding:–

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

(b) The effectiveness of the Company's risk management and internal control systems.

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, 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, are effective and adequate in its current business environment for FY2015.

Principle 12: Audit Committee

The AC comprises one Non-Executive Director and two Independent Directors:

Chow Kok Kee, Chairman
Ong Tiew Siam
Tan Siok Chin

The Chairman and the members of the AC have the relevant 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 and duly adopted by the Board. 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, their audit plan, 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 any other matters requiring the Board's attention;

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

(f) To review arrangements by which staff of the Group may in confidence, raise concerns about possible improprieties in financial reporting or other matters;

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

CORPORATE GOVERNANCE REPORT

(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 approving or recommending their release to the Board, as applicable; the annual audit plan of the External Auditors and Internal Auditors and the results of the audit performed by them; the list of interested person transactions; effectiveness and adequacy of the Group's internal controls systems; audit and non-audit services rendered by the External Auditors and their re-appointment and remuneration. The AC also reviewed the update on the Second Edition of Guidebook for Audit Committee and attended the presentations.

The Company has in place a Whistle-Blowing Policy whereby the staff of the Group and any other persons 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. The AC has met with the External Auditors and the Internal Auditors twice in FY2015, to review the Group's accounting, auditing and financial reporting 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 in respect of the Group's FY2015 audit.

The Company's External Auditors, RSM Nelson Wheeler ("**RSM Nelson**") and RSM Chio Lim LLP ("**RSM Chio Lim**"), did not provide any non-audit service for FY2015. The aggregate amount of audit service fees paid to RSM Nelson and RSM Chio Lim for FY2015 were HK$850,000 and S$65,000 respectively.

The AC confirmed that the Company had complied with Rule 712 of the SGX-ST Listing Manual. The AC was satisfied that the resources and experience of RSM Nelson and RSM Chio Lim, the audit engagement partners and the team(s) assigned to the audit of the Group were adequate to meet their audit obligations, given the size, nature, operations and complexity of the Group.

The Company and its subsidiaries were jointly audited by RSM Nelson and RSM Chio Lim for consolidation purposes. Accordingly, the Company has complied with Rule 716 of the SGX-ST Listing Manual.

The Group's subsidiaries are disclosed under Note 18 of the Notes to the Financial Statements on pages 59 to 60 of this Annual Report.

The Board, with the concurrence of the AC, had recommended the appointment of PricewaterhouseCoopers as auditors of the Company in place of RSM Nelson and RSM Chio Lim for FY2016 at the forthcoming AGM. RSM Nelson and RSM Chio Lim, the retiring auditors, have served as auditors of the Company for nine consecutive years since 2007 and three consecutive years since 2013 respectively. The Board is of the view that it will be timely to effect a change of auditors as part of the Company's efforts to enhance its corporate governance.

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Principle 13: Internal Audit

The Company's Internal Auditors, PricewaterhouseCoopers, who are independent of the Group's business activities, have unrestricted access to all records, properties, functions and 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 and compliance controls, and report the remediation status to the AC. The Internal Auditors' internal audit reports are submitted to the AC for deliberation with copies of these reports extended to the members of the Board and the relevant senior management officers. In addition, the Internal Auditors' summary of findings and recommendations are discussed at the AC meetings.

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 from the Internal Auditors, Management had conducted an exercise to identify key risks for the Group and will review and update key risks in the context of the current environment with a view to establishing a risk management framework to continuously monitor, control and manage such risks.

The AC approves the appointment, removal, evaluation and compensation of the internal auditors.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

The Company recognises the importance of treating all shareholders fairly and equitably, as well as the responsibility to facilitate the exercise of shareholders' rights. All registered shareholders are given the opportunity to participate and vote at general meetings. Shareholders are informed of general meetings through notices published in newspapers and the SGXnet.

Principles 15 & 16: Communication with Shareholders and Conduct of Shareholder Meetings

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, fully compliant with the continuous 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. All information, especially any price-sensitive information, is communicated to shareholders via SGXNet, followed by news/press releases, where appropriate.

The Company holds analyst briefings following the release of the Group's financial results as well as other briefings, where appropriate.

As the 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 regarding the Company and the Group. 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 newspapers.

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Separate resolutions on each distinct issue, as far as possible, are tabled and voted on independently. The Company's Bye-laws allow shareholders to appoint proxies to attend and vote on their behalf at general meetings. The Chairman of the respective Board Committees and the external auditors are normally present at the general meetings to address shareholders' enquiries.

The Company Secretary prepares minutes of general meetings, which incorporated substantial comments or queries from shareholders and responses from the Board and Management. These minutes are available to shareholders upon request.

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 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.

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.

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.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS ("IPTS")

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

Save as disclosed in the consolidated financial statements, the aggregate value of all approved IPTs conducted during the financial year ended 31 March 2015 (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$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	
	Year ended 31 March 2015 HK$'000	Year ended 31 March 2014 HK$'000
Purchase of goods from Nicecon Limited, which is beneficially owned by the brother of Mr. Chow Kok Kit	1,932	2,343

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 2015.

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
Chow Kok Kee	Lead Independent Director
Ong Tiew Siam	Independent Director
Tan Siok Chin	Non-Executive 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 Performance Share Plan and the Valuetronics Employee Share Option Scheme.

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 2014	**At 31 March 2015**	**At 1 April 2014**	**At 31 March 2015**
Name of Directors	**Ordinary shares of HK$0.10 each**			
Tse Chong Hing	68,357,192	68,969,692	–	–
Chow Kok Kit	64,041,238	28,741,238	–	–
Chow Kok Kee	50,000	350,000	–	–
Ong Tiew Siam	–	–	–	–
Tan Siok Chin	–	–	–	–

There was no change in Directors' interests between the end of the financial year and 21 April 2015.

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.

REPORT OF THE DIRECTORS

5. SHARE OPTIONS AND AWARDS

(i) The Valuetronics Employee Share Option Scheme ("ESOS")

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

The ESOS is administered by the Remuneration Committee ("RC") comprising:

Chow Kok Kee (Chairman)
Ong Tiew Siam
Tan Siok Chin

Other information regarding the ESOS 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:

1. the Group's employees, Executive Directors and Independent Directors; and

2. Controlling Shareholders and their Associates who meet certain criteria, provided that the participation of each Controlling Shareholder or his Associate and each grant of an option to any of them may only be effected with the specific prior approval of Shareholders at a general meeting in separate resolutions.

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 (or such other percentage or amount as may be determined by the RC and permitted by the SGX-ST); and

  ii. the Shareholders in general meeting have authorised, in a separate resolution, the making of offers and grants under the ESOS 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.

REPORT OF THE DIRECTORS

5. SHARE OPTIONS AND AWARDS (continued)

(i) The Valuetronics Employee Share Option Scheme ("ESOS") (continued)

During the financial year, 6,000,000 options to subscribe for shares in the Company were granted to the Company's executives under the ESOS. The Company issued and allotted 6,350,000 new ordinary shares pursuant to the exercise of options and 50,000 options were lapsed during the financial year.

As at 31 March 2015, the Company has the following outstanding share options:

Date of grant	Exercise price	Outstanding at 1 April 2014	Granted	Exercised	Lapsed	Outstanding at 31 March 2015
8 July 2008 (Note 1)	S$0.215	200,000	–	(200,000)	–	–
18 August 2010 (Note 1)	S$0.184	400,000	–	(400,000)	–	–
18 August 2010 (Note 2)	S$0.150	850,000	–	(850,000)	–	–
4 October 2010 (Note 2)	S$0.160	50,000	–	(50,000)	–	–
16 August 2011 (Note 2)	S$0.174	2,712,500	–	(2,250,000)	–	462,500
19 July 2012 (Note 2)	S$0.201	4,800,000	–	(2,600,000)	–	2,200,000
15 August 2013 (Note 2)	S$0.162	5,100,000	–	–	(50,000)	5,050,000
19 August 2014 (Note 2)	S$0.406	–	6,000,000	–	–	6,000,000
Total		**14,112,500**	**6,000,000**	**(6,350,000)**	**(50,000)**	**13,712,500**

Notes:

(1) 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.

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

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

Name of participant	Options granted during the financial year	Aggregate options granted since commencement of ESOS to end of financial year	Aggregate options exercised since commencement of ESOS to end of financial year	Aggregate options outstanding at end of financial year
Tse Chong Hing	–	3,225,000	(3,112,500)	112,500
Chow Kok Kit	–	2,800,000	(2,450,000)	350,000
Chow Kok Kee	–	300,000	(300,000)	–
Ong Tiew Siam	–	–	–	–
Tan Siok Chin	–	–	–	–
Total	**–**	**6,325,000**	**(5,862,500)**	**462,500**

REPORT OF THE DIRECTORS

5. SHARE OPTIONS AND AWARDS (continued)

(ii) The Valuetronics Performance Share Plan ("PSP")

The PSP was approved by shareholders of the Company on 28 July 2008, in addition to and is complementary to the ESOS. The PSP is intended to further the Company's continuing efforts to reward, retain and motivate Directors and employees to achieve better performance. The PSP 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 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 is determined by performance targets and/or service conditions and/or significant contributions to the Group ("Share Awards").

The PSP is administered by the Renumeration Committee.

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

During the financial year, no Share Awards were granted to the Company's Executive Directors under the PSP. 588,000 Share Awards were awarded based on achievement of specific performance targets.

As at 31 March 2015, the Company has no outstanding Share Awards.

The vesting period of the above Share Awards are 1 year from the date of grant.

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

	Awards granted during the financial year	Aggregate awards granted since commencement of PSP to end of financial year	Aggregate awards released during the financial year	Aggregate awards forfeited during the financial year	Aggregate awards outstanding at the end of financial year
Name of participant					
Tse Chong Hing	–	3,225,000	–	–	–
Chow Kok Kit	–	2,800,000	–	–	–
Total	**–**	**6,025,000**	**–**	**–**	**–**

REPORT OF THE DIRECTORS

6. AUDIT COMMITTEE

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

Chow Kok Kee (Chairman)
Ong Tiew Siam
Tan Siok Chin

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

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

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

7. AUDITORS

The Directors of the Company, with the concurrence of the AC, propose the appointment of PricewaterhouseCoopers as External Auditors of the Company in place of the retiring auditors, RSM Nelson Wheeler and RSM Chio Lim LLP for the financial year ending 31 March 2016. The proposal for the appointment will be put to the shareholders at the forthcoming AGM.

8. DEVELOPMENTS SUBSEQUENT TO ANNOUNCEMENT OF RESULTS

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 26 May 2015, which would materially affect the Group's and the Company's operating and financial performance as of the date of this report.

ON BEHALF OF THE BOARD OF DIRECTORS

TSE CHONG HING
Chairman

CHOW KOK KIT
Executive Director

5 June 2015

STATEMENT BY **DIRECTORS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

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 33 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 2015 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	**CHOW KOK KIT**
Chairman	*Executive Director*

5 June 2015

INDEPENDENT AUDITORS' REPORT

To the members of Valuetronics Holdings Limited
(Incorporated in Bermuda with limited liability)

We have audited the accompanying financial statements of Valuetronics Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 33 to 75, which comprise the consolidated and the Company statements of financial position as at 31 March 2015, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Company's management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to 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. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with International Financial Reporting Standards 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 2015, and of the results and cash flows of the Group for the year then ended.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

Partner-in-charge
How Beng Tiong Derek

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

Partner-in-charge
Wong Wo Cheung

5 June 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	Note	2015 HK$'000	2014 HK$'000
Revenue	7	**2,429,251**	2,433,272
Cost of sales		**(2,097,850)**	(2,106,490)
Gross profit		**331,401**	326,782
Other income	8	**15,642**	12,641
Selling and distribution costs		**(34,680)**	(38,854)
Administrative expenses		**(144,717)**	(130,134)
Net other operating gains/(losses)	9	**991**	(2,796)
Profit from operations		**168,637**	167,639
Finance costs	10	**(954)**	(720)
Profit before tax		**167,683**	166,919
Income tax expense	11	**(18,501)**	(19,014)
Profit for the year	12	**149,182**	147,905
Attributable to:			
Owners of the Company		**149,182**	147,905
Earnings per share (Hong Kong cents)	15		
– Basic		**40.0**	40.6
– Diluted		**39.9**	40.4

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	2015 HK$'000	2014 HK$'000
Profit for the year	**149,182**	147,905
Other comprehensive income:		
Item that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(3,994)**	4,574
Other comprehensive income for the year, net of tax	**(3,994)**	4,574
Total comprehensive income for the year	**145,188**	152,479
Attributable to:		
Owners of the Company	**145,188**	152,479

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2015

	Note	The Group 2015 HK$'000	The Group 2014 HK$'000	The Company 2015 HK$'000	The Company 2014 HK$'000
ASSETS					
Non-current assets					
Land use rights	16	**19,959**	20,941	**–**	–
Property, plant and equipment	17	**171,628**	181,681	**–**	–
Investments in subsidiaries	18	**–**	–	**83,330**	83,330
Available-for-sale financial assets	19	**59,267**	11,789	**–**	–
Club membership, at cost		**250**	256	**–**	–
Total non-current assets		**251,104**	214,667	**83,330**	83,330
Current assets					
Inventories	20	**221,946**	198,874	**–**	–
Trade receivables	21	**516,966**	517,213	**–**	–
Land use rights	16	**491**	503	**–**	–
Prepayments, deposits and other receivables		**18,742**	12,340	**175**	175
Available-for-sale financial assets	19	**7,590**	–	**–**	–
Due from subsidiaries	18	**–**	–	**288,152**	209,885
Bank and cash balances	22	**505,847**	477,934	**284**	1,646
Total current assets		**1,271,582**	1,206,864	**288,611**	211,706
Total assets		**1,522,686**	1,421,531	**371,941**	295,036
EQUITY					
Share capital	23	**37,473**	36,838	**37,473**	36,838
Reserves	25	**771,070**	689,729	**334,080**	257,758
Equity attributable to owners of the Company		**808,543**	726,567	**371,553**	294,596
Total equity		**808,543**	726,567	**371,553**	294,596
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	26	**1,629**	2,627	**–**	–
Total non-current liabilities		**1,629**	2,627	**–**	–
Current liabilities					
Trade payables	27	**347,393**	354,022	**–**	–
Accruals, other payables and deposits received	28	**335,794**	314,060	**388**	440
Current tax liabilities		**27,447**	21,384	**–**	–
Derivative financial instruments	29	**1,880**	2,871	**–**	–
Total current liabilities		**712,514**	692,337	**388**	440
Total liabilities		**714,143**	694,964	**388**	440
Total equity and liabilities		**1,522,686**	1,421,531	**371,941**	295,036
Net current assets		**559,068**	514,527	**288,223**	211,266
Total assets less current liabilities		**810,172**	729,194	**371,553**	294,596

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	Attributable to owners of the Company							
		Reserves						
	Share capital	Share premium	Share-based payment reserve	Translation reserve	Statutory reserve	Retained earnings	Total reserves	Total equity
		(note 25(c)(i))	(note 25(c)(iii))	(note 25(c)(iv))	(note 25(c)(v))			
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2013	36,004	91,867	6,649	22,753	1,596	433,358	556,223	592,227
Total comprehensive income for the year	–	–	–	4,574	–	147,905	152,479	152,479
Dividend paid (note 14)	–	–	–	–	–	(29,215)	(29,215)	(29,215)
Issue of shares on exercise of share options (note 23)	834	6,480	–	–	–	–	6,480	7,314
Transfer to share premium upon exercise of share options	–	3,664	(3,664)	–	–	–	–	–
Cash settlement for the awards granted	–	–	(175)	–	–	–	(175)	(175)
Share-based payments	–	–	3,937	–	–	–	3,937	3,937
Lapsed of share-based payments	–	–	(1,092)	–	–	1,092	–	–
Transfer to statutory reserve	–	–	–	–	865	(865)	–	–
Changes in equity for the year	834	10,144	(994)	4,574	865	118,917	133,506	134,340
At 31 March 2014	36,838	102,011	5,655	27,327	2,461	552,275	689,729	726,567
At 1 April 2014	36,838	102,011	5,655	27,327	2,461	552,275	689,729	726,567
Total comprehensive income for the year	–	–	–	(3,994)	–	149,182	145,188	145,188
Dividend paid (note 14)	–	–	–	–	–	(74,618)	(74,618)	(74,618)
Issue of shares on exercise of share options (note 23)	635	6,638	–	–	–	–	6,638	7,273
Transfer to share premium upon exercise of share options	–	3,822	(3,822)	–	–	–	–	–
Cash settlement for the awards granted	–	–	(616)	–	–	–	(616)	(616)
Share-based payments	–	–	4,749	–	–	–	4,749	4,749
Lapsed of share-based payments	–	–	(158)	–	–	158	–	–
Transfer to statutory reserve	–	–	–	–	412	(412)	–	–
Changes in equity for the year	635	10,460	153	(3,994)	412	74,310	81,341	81,976
At 31 March 2015	37,473	112,471	5,808	23,333	2,873	626,585	771,070	808,543

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**167,683**	166,919
Adjustments for:		
Amortisation of land use rights	**497**	499
Depreciation	**37,478**	39,175
Gain on disposals of property, plant and equipment	**(932)**	(350)
Net fair value (gains)/losses on derivative financial instruments	**(991)**	2,796
Cash settlement for the awards granted	**(616)**	(175)
Equity-settled share-based payments	**4,749**	3,937
Interest income	**(3,816)**	(1,864)
Operating profit before working capital changes	**204,052**	210,937
Increase in inventories	**(23,072)**	(20,516)
Decrease/(increase) in trade receivables	**247**	(35,704)
Increase in prepayments, deposits and other receivables	**(6,320)**	(4,698)
(Decrease)/increase in trade payables	**(6,629)**	112,647
Increase in accruals, other payables and deposits received	**21,734**	49,098
Cash generated from operations	**190,012**	311,764
Income tax paid	**(13,436)**	(8,807)
Net cash generated from operating activities	**176,576**	302,957
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	**(29,945)**	(20,847)
Proceeds from disposals of property, plant and equipment	**1,432**	409
Purchase of available-for-sale financial assets	**(55,158)**	(10,240)
Redemption of available-for-sale financial assets	**–**	2,476
Interest received	**3,470**	1,864
Net cash used in investing activities	**(80,201)**	(26,338)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	**(74,618)**	(29,215)
Proceeds from shares issued in exercise of share options	**7,273**	7,314
Net cash used in financing activities	**(67,345)**	(21,901)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**29,030**	254,718
Effect of foreign exchange rate changes	**(1,117)**	1,637
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	**477,934**	221,579
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	**505,847**	477,934
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	**505,847**	477,934

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

1. GENERAL INFORMATION

The financial statements of the Company and of the Group for the financial year ended 31 March 2015 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

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 18 to the financial statements.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") that are relevant to its operations and effective for its accounting year beginning on 1 April 2014. IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

(a) Application of new and revised IFRSs

The following standards have been adopted by the Group for the first time for the financial year beginning on 1 April 2014:

Amendments to IFRS 2 (Annual Improvements to IFRSs 2010-2012 Cycle)

This amendment clarifies the definitions of "vesting condition" and "market condition" and adds definitions for "performance condition" and "service condition". The amendment is applicable prospectively to share-based payment transactions for which the grant date is on or after 1 July 2014 and had no effect on the Group's consolidated financial statements.

Amendments to IFRS 13 (Annual Improvements to IFRSs 2010-2012 Cycle)

This amendment to the standard's basis for conclusions only clarifies that the ability to measure certain short-term receivables and payables on an undiscounted basis is retained.

(b) New and revised IFRSs in issue but not yet effective

The Group has not early applied new and revised IFRSs that have been issued but are not yet effective for the financial year beginning on 1 April 2014. Management anticipates that the new and revised IFRSs will be adopted in the Group's consolidated financial statements when they become effective. The Group is in the process of accessing, where applicable, the potential effect of all new and revised IFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

(b) New and revised IFRSs in issue but not yet effective (continued)

List of new and revised IFRSs in issue but not yet effective that are relevant to the Group's operation:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[2]
Amendments to IAS1	Disclosure Initiative[5]
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle[3]
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application permitted.
4 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
5 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with all applicable IFRSs.

These financial statements have been prepared under the historical cost convention except where IFRSs requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements.

The preparation of financial statements in conformity with IFRSs requires the use of certain key assumptions and estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas where assumptions and estimates are significant to these financial statements, are disclosed in note 4 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, 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. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Consolidation (continued)

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any related accumulated translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position the investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the presentation and functional currency of the Company. The directors consider that choosing HK$ as the presentation currency best suits the needs of the shareholders and investors.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency translation (continued)

(ii) Transactions and balances in each entity's financial statements (continued)

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.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's 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 are translated at average exchange rates for the period (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 exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities and of borrowings are recognised in other comprehensive income and accumulated in the translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

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.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised 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 recognised in profit or loss during the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, plant and equipment (continued)

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their costs less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

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

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

An asset is depreciated when it is available for use until it is de-recognised even if during that period that item is idle. Fully depreciated assets still in use are retained in these financial statements.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(d) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

(e) Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

(f) Club membership

Club membership with indefinite useful life is stated at cost less any impairment losses. Impairment is reviewed annually or when there is any indication that the club membership has suffered an impairment loss.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

(i) Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not classified as loans and receivables. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss. Interest calculated using the effective interest method and dividends on available-for-sale equity instruments are recognised in profit or loss.

Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale financial assets are subsequently reversed and recognised in profit or loss if an increase in the fair value of the instruments can be objectively related to an event occurring after the recognition of the impairment loss.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less impairment losses.

(j) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Trade and other receivables (continued)

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

(k) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

(l) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(m) Derivative financial instruments

All derivatives are initially recognised and subsequently measured at fair value.

The resulting gain or loss is recognised in profit or loss immediately.

(n) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

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.

Tooling and rework income is recognised when the tooling and rework services are rendered.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Employee benefits

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.

Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

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.

(p) Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(s) Related parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Related parties (continued)

(B) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(t) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets – except goodwill, inventories, investments and receivables of which the impairment policies are set out in notes 3(b), (h), (j) and (k) to the financial statements respectively to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Segment reporting

The Group discloses financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(v) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(w) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(a) Property, plant and equipment and depreciation

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. The carrying amount of property, plant and equipment is disclosed in note 17 to the financial statements.

(b) Impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment have any indication of impairment in accordance with the accounting policy. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations. These calculations require the use of judgement and estimates. The carrying amount of property, plant and equipment is disclosed in note 17 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(c) Impairment loss for bad and doubtful debts

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 has been changed. The carrying amount of trade receivables is disclosed in note 21 to the financial statements.

(d) Allowance for slowing-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance 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 allowance charge/write-back in the period in which such estimate has been changed. The carrying amount of inventories is disclosed in note 20 to the financial statements.

(e) 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 charge/write-back in the period in which such estimate has been changed. The carrying amount of provisions is disclosed in note 28 to the financial statements.

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate 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) Foreign currency 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"), and the functional currencies of the principal operating entities of the Group are HK$ and RMB. During the year, the Group entered into foreign currency forward contracts to hedge the foreign currency risk arising from purchases of raw materials from overseas. The Group currently does not have a foreign currency hedging policy in respect of other foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The Group uses derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The use of financial derivatives is governed by the Group's policies approved by the board of directors of the Company, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Foreign currency risk (continued)

At 31 March 2015, if the HK$ had weakened 1 per cent against the US$ with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$5,210,000 (2014: HK$4,792,000) higher, arising mainly as a result of the net foreign exchange gain on bank balances, trade receivables, other receivables, trade payables and other payables denominated in US$. If the HK$ had 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$5,210,000 (2014: HK$4,792,000) lower, arising mainly as a result of the net foreign exchange loss on bank balances, trade receivables, other receivables, trade payables and other payables denominated in US$.

(b) 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 2015, if the market price of the available-for-sale financial assets at that date had been increased by 5 per cent with all other variables held constant, the consolidated other comprehensive income would increase by approximately HK$3,155,000 (2014: HK$397,000) arising as a result of gain on available-for-sale financial assets. If the market price of the available-for-sale financial assets at that date had been decreased by 5 per cent with all other variables held constant, the consolidated other comprehensive income would decrease by approximately HK$3,155,000 (2014: HK$397,000) arising as a result of loss on available-for-sale financial assets.

(c) 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 2015, the five largest trade receivables represent approximately 83% (2014: 89%) 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.

(d) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

5. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

The maturity analysis based on contractual undiscounted cash flows of the Group's financial liabilities is as follows:

	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
At 31 March 2015				
Trade payables	**347,393**	**–**	**–**	**–**
Accruals and other payables	**223,859**	**–**	**–**	**–**
Derivative financial instruments	**1,880**	**–**	**–**	**–**
At 31 March 2014				
Trade payables	354,022	–	–	–
Accruals and other payables	212,225	–	–	–
Derivative financial instruments	2,871	–	–	–

(e) 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 0.5% to 3.70% (2014: 1.10% to 3.12%) per annum as at 31 March 2015. 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 2015, if interest rates at that date had been 10 basis points lower with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$412,000 (2014: HK$401,000) lower, arising mainly as a result of lower interest income on bank balances. If interest rates had been 10 basis points higher, with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$412,000 (2014: HK$401,000) higher, arising mainly as a result of higher interest income on bank balances.

(f) Categories of financial instruments at 31 March 2015

	2015 HK$'000	2014 HK$'000
Financial assets:		
Loans and receivables (including cash and cash equivalents)	**1,025,784**	997,285
Available-for-sale financial assets	**66,857**	11,789
Financial liabilities:		
Financial liabilities at amortised cost	**571,252**	566,247
Derivative financial instruments at fair value	**1,880**	2,871

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

5. FINANCIAL RISK MANAGEMENT (continued)

(g) Fair values

Except as disclosed in note 19 to the financial statements, the carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

6. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the input to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfer out of any of the three levels as of the date of the event or change in circumstances that ceased the transfer.

(a) Disclosures of level in fair value hierarchy at 31 March 2015:

Description	Fair value measurement using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total 2015 HK$'000
Recurring fair value measurements:				
Available-for-sale financial assets				
Debt investments	**63,107**	**–**	**–**	**63,107**
Derivative financial instruments	**–**	**(1,880)**	**–**	**(1,880)**
Total recurring fair value measurements	**63,107**	**(1,880)**	**–**	**61,227**

Description	Fair value measurement using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total 2014 HK$'000
Recurring fair value measurements:				
Available-for-sale financial assets				
Debt investments	7,949	–	–	7,949
Derivative financial instruments	–	(2,871)	–	(2,871)
Total recurring fair value measurements	7,949	(2,871)	–	5,078

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

6. FAIR VALUE MEASUREMENTS (continued)

(b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 March 2015:

Level 2 fair value measurements		Fair value	
Description	**Inputs**	**2015 HK$'000**	**2014 HK$'000**
Derivatives – foreign exchange forward contracts	Forward foreign exchange rate	**1,880**	2,871

7. REVENUE

	The Group	
	2015 HK$'000	**2014 HK$'000**
Sales of goods	**2,429,251**	2,433,272

8. OTHER INCOME

	The Group	
	2015 HK$'000	**2014 HK$'000**
Gain on disposals of property, plant and equipment	**932**	350
Net exchange gain	**2,236**	2,574
Interest income	**3,816**	1,864
Tooling and rework income	**5,874**	5,555
Sales of scrap materials	**1,658**	1,816
Sundry income	**1,126**	482
	15,642	12,641

9. NET OTHER OPERATING GAINS/(LOSSES)

	The Group	
	2015 HK$'000	**2014 HK$'000**
Net fair value gains/(losses) on derivative financial instruments (note 29)	**991**	(2,796)

10. FINANCE COSTS

	The Group	
	2015 HK$'000	**2014 HK$'000**
Bank charges	**954**	720

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

11. INCOME TAX EXPENSE

	The Group	
	2015	**2014**
	HK$'000	**HK$'000**
Current tax – Hong Kong Profits Tax		
Provision for the year	**14,953**	12,282
Current tax – People's Republic of China (the "PRC")		
Provision for the year	**4,546**	7,493
Deferred tax (note 26)	**(998)**	(761)
	18,501	19,014

Hong Kong Profits Tax is provided at 16.5% (2014: 16.5%) based on the estimated assessable profit for the year.

Tax charge on profits assessable elsewhere 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.

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% (2014: 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 2015, the aggregate amount of the temporary differences relating to the undistributed profits of the Group's PRC subsidiaries amounted to approximately HK$8,566,000 (2014: HK$7,203,000). 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 income tax expense and the product of profit before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	The Group	
	2015	**2014**
	HK$'000	**HK$'000**
Profit before tax	**167,683**	166,919
Tax at the Hong Kong Profits Tax rate of 16.5% (2014: 16.5%)	**27,668**	27,542
Tax effect of expenses that are not deductible	**2,172**	1,197
Tax effect of income that is not taxable	**(544)**	(217)
Tax effect of temporary differences not recognised	**(69)**	(49)
Tax effect of tax losses not recognised	**169**	–
Tax effect of utilisation of tax losses not previously recognised	**–**	(472)
Tax effect of tax concession	**(13,215)**	(11,511)
Effect of different tax rate of subsidiaries operating in other jurisdiction	**1,492**	2,524
Over-provision of income tax expenses in current year	**828**	–
Income tax expense	**18,501**	19,014

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

12. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging the following:

	The Group	
	2015 HK$'000	**2014 HK$'000**
Depreciation	**37,478**	39,175
Directors' remuneration		
As directors – independent directors Fee	**1,289**	1,078
For management – executive directors		
Salaries, wages, bonus and allowance	**24,306**	27,217
Retirement benefit scheme contributions	**38**	45
Equity-settled share-based payments	**867**	2,237
	26,500	30,577
Key management personnel remuneration (including remuneration of the executive directors)		
Salaries, wages, bonus and allowances	**45,212**	37,828
Retirement benefit scheme contributions	**123**	105
Equity-settled share-based payments	**4,681**	3,084
	50,016	41,017
Auditors' remuneration	**1,381**	1,336
Cost of inventories sold	**1,787,204**	1,822,613
Operating lease charges in respect of leasehold land and buildings (including amortisation of land use rights)	**2,613**	4,094
Staff costs excluding directors' emoluments		
Salaries, wages, bonus and allowances	**295,361**	246,678
Retirement benefit scheme contributions	**16,492**	10,719
Equity-settled share-based payments	**5,148**	1,700
	317,001	259,097

13. 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 of HK$1,500 (before 1 June 2014: HK$1,250) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

14. DIVIDENDS

	The Group and the Company	
	2015	2014
	HK$'000	HK$'000
Proposed but not recognised as liabilities as at 31 March	**74,945**	73,675

On 26 May 2015, a final dividend of HK$0.16 (2014: HK$0.16) and a special dividend of HK$0.04 (2014: HK$0.04) per ordinary share were proposed by the Company to its shareholders in respect of the financial year ended 31 March 2015 (note 37). The proposed dividend is not recognised as liabilities at 31 March 2015 as the proposed dividend is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

During the financial year ended 31 March 2015, final dividend of HK$0.16 and special dividend of HK$0.04 per ordinary share was paid in respect of the previous financial year.

15. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of HK$149,182,000 (2014: HK$147,905,000) and the weighted average number of ordinary shares of 372,745,394 (2014: 364,056,832) in issue during the year.

Diluted earnings per share

The calculation of diluted earnings per share is based on the profit for the year attributable to owners of the Company of HK$149,182,000 (2014: HK$147,905,000) and the weighted average number of ordinary shares of 374,034,505 (2014: 366,344,854), being the weighted average number of ordinary shares of 372,745,394 (2014: 364,056,832) in issue during the year used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 1,289,111 (2014: 2,288,022) assumed to have been issued at no consideration on the deemed exercise of the share options outstanding during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

16. LAND USE RIGHTS

	The Group HK$'000
Cost	
At 1 April 2013	24,559
Exchange differences	590
At 31 March 2014 and 1 April 2014	25,149
Exchange differences	(590)
At 31 March 2015	24,559
Accumulated amortisation	
At 1 April 2013	3,127
Charge for the year	499
Exchange differences	79
At 31 March 2014 and 1 April 2014	3,705
Charge for the year	497
Exchange differences	(93)
At 31 March 2015	4,109
Carrying amount	
At 31 March 2015	20,450
At 31 March 2014	21,444

The land use rights are held under medium term leases (10 to 50 years) in the PRC.

The following is the analysis of the land use rights for financial reporting purposes:

	The Group	
	2015 HK$'000	**2014 HK$'000**
Carrying amount	**20,450**	21,444
Less: Amount to be amortised within one year (shown under current assets)	**(491)**	(503)
Amount to be amortised after one year	**19,959**	20,941

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

17. PROPERTY, PLANT AND EQUIPMENT

The Group	Land and buildings HK$'000	Plant and machinery HK$'000	Computers HK$'000	Furniture and fittings HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost							
At 1 April 2013	125,777	248,928	6,875	44,335	13,535	3,485	442,935
Additions	–	20,128	201	806	673	233	22,041
Disposals	–	(1,393)	(3,144)	(148)	(1)	(236)	(4,922)
Exchange differences	2,840	266	3	–	–	30	3,139
At 31 March 2014 and 1 April 2014	128,617	267,929	3,935	44,993	14,207	3,512	463,193
Additions	14,780	12,845	202	186	224	1,972	30,209
Disposals	–	(11,541)	(103)	–	(3)	(1,351)	(12,998)
Exchange differences	(2,840)	(306)	(3)	–	(1)	(30)	(3,180)
At 31 March 2015	140,557	268,927	4,031	45,179	14,427	4,103	477,224
Accumulated depreciation and impairment							
At 1 April 2013	21,292	175,947	6,633	27,807	12,190	2,612	246,481
Charge for the year	5,034	27,950	270	4,704	653	564	39,175
Disposals	–	(1,393)	(3,144)	(89)	(1)	(236)	(4,863)
Exchange differences	519	170	3	–	–	27	719
At 31 March 2014 and 1 April 2014	26,845	202,674	3,762	32,422	12,842	2,967	281,512
Charge for the year	5,135	27,320	198	3,662	470	693	37,478
Disposals	–	(11,109)	(103)	–	(2)	(1,284)	(12,498)
Exchange differences	(652)	(212)	(2)	–	–	(30)	(896)
At 31 March 2015	31,328	218,673	3,855	36,084	13,310	2,346	305,596
Carrying amount							
At 31 March 2015	109,229	50,254	176	9,095	1,117	1,757	171,628
At 31 March 2014	101,772	65,255	173	12,571	1,365	545	181,681

The leasehold land are held under medium term leases (10 to 50 years) and analysed as follows:

	The Group	
	2015 HK$'000	2014 HK$'000
Hong Kong	**14,515**	4,219

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

18. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2015	**2014**
	HK$'000	**HK$'000**
Unquoted investments, at cost	**83,330**	83,330

The amounts due from subsidiaries amounting to HK$288,152,000 (2014: HK$209,885,000) are non-trade in nature, unsecured, interest-free and repayable on demand.

Particulars of the subsidiaries as at 31 March 2015 are as follows:

Name	**Date and place of incorporation/ establishment**	**Group's effective equity interest**		**Paid-up share/ registered capital**		**Principal activities**
		2015	**2014**	**2015**	**2014**	
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$6,600,000	Property investment and electronics manufacturing
Master Brands HK Limited ("Master Brands")**	7 May 2009 Hong Kong	**100%**	100%	**HK$20,000,000**	HK$20,000,000	Trading and provision of business services

Note:

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

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

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

** The statutory financial statements of Honor Tone Limited, Value Chain Limited and Master Brands for the year ended 31 March 2015 were audited by RSM Nelson Wheeler.

*** 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

18. INVESTMENTS IN SUBSIDIARIES (continued)

As at 31 March 2015, the bank and cash balances of the Group' subsidiaries in the PRC denominated in RMB amounted to approximately HK$28,460,000 (2014: HK$31,139,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group	
	2015	**2014**
	HK$'000	**HK$'000**
Debenture, at fair value	**63,107**	7,949
Unquoted cash managed trust, at cost	**3,750**	3,840
	66,857	11,789
Analysed as:		
Current assets	**7,590**	–
Non-current assets	**59,267**	11,789
	66,857	11,789

The fair values of debenture are based on current bid prices. Unquoted cash managed trust with carrying amount of approximately HK$3,750,000 (2014: HK$3,840,000) was carried at cost as the underlying assets of this cash managed trust do not have a quoted market price in an active market and whose value cannot be reliably measured.

20. INVENTORIES

	The Group	
	2015	**2014**
	HK$'000	**HK$'000**
Raw materials	**109,165**	94,570
Work in progress	**40,174**	47,870
Finished goods	**72,607**	56,434
	221,946	198,874

21. TRADE RECEIVABLES

	The Group	
	2015	**2014**
	HK$'000	**HK$'000**
Trade receivables	**516,966**	517,213

As at 31 March 2015, an allowance was made for estimated irrecoverable trade receivables of approximately HK$1,069,000 (2014: HK$1,069,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

21. TRADE RECEIVABLES (continued)

The movement of allowance for receivables is as follows:

	The Group	
	2015	**2014**
	HK$'000	**HK$'000**
At 1 April and at 31 March	**1,069**	1,069

As of 31 March 2015, trade receivables of approximately HK$31,431,000 (2014: HK$11,477,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	The Group	
	2015	**2014**
	HK$'000	**HK$'000**
Up to 3 months	**31,419**	11,477
3 to 6 months	**12**	–
	31,431	11,477

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

	The Group	
	2015	**2014**
	HK$'000	**HK$'000**
US$	**476,799**	463,328
RMB	**40,167**	53,885
	516,966	517,213

22. BANK AND CASH BALANCES

The carrying amounts of the Group's bank and cash balances are denominated in the following currencies:

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
US$	**444,695**	407,498	**119**	124
RMB	**48,396**	64,874	**–**	–
HK$	**12,476**	3,286	**71**	66
Singapore dollars ("S$")	**117**	2,159	**94**	1,456
Japanese Yen ("JPY")	**163**	117	**–**	–
	505,847	477,934	**284**	1,646

Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

NOTES TO THE FINANCIAL STATEMENTS

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23. SHARE CAPITAL

	Number of shares	Amount HK$'000
Authorised		
Ordinary shares of HK$0.1 each		
At 1 April 2013, 31 March 2014, 1 April 2014 and 31 March 2015	**1,900,000,000**	190,000
Issued and fully paid		
Ordinary shares of HK$0.1 each		
At 1 April 2013	**360,038,750**	36,004
Issue of shares under Valuetronics Employee Share Option Scheme (the "ESOS") (note)	**8,337,500**	834
At 31 March 2014 and 1 April 2014	**368,376,250**	36,838
Issue of shares under ESOS (note)	**6,350,000**	635
At 31 March 2015	**374,726,250**	37,473

Note: During the financial year ended 31 March 2015, 6,350,000 (2014: 8,337,500) ordinary shares of HK$0.1 each were issued in relation to share options exercised by the confirmed employees of the Group under the ESOS at S$0.150, S$0.160, S$0.174, S$0.184, S$0.201 and S$0.215 (2014: S$0.105, S$0.144, S$0.150, S$0.160 and S$0.174) for a total cash consideration of S$1,166,200 (2014: S$1,189,625). The excess of the subscription consideration received over the nominal values issued, amounted to S$1,064,374 (2014: S$1,053,945) which is equivalent to approximately HK$6,638,000 (2014: HK$6,480,000), was credited to the share premium account.

Each ordinary share carries one vote.

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

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

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debts less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, share premium, retained earnings and other reserves). At the end of the year, the Group has no debt outstanding (2014: HK$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 2015, 74% (2014: 50%) of the shares were in public hands.

NOTES TO THE FINANCIAL STATEMENTS

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24. SHARE-BASED PAYMENTS

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 ("Group Employee") selected by the remuneration committee of the Company or such other committee comprising directors of the Company duly authorised and appointed by the board of directors to administer this ESOS ("Committee"). The ESOS became effective on 6 February 2007 and, unless otherwise cancelled or amended, will remain in force for 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 a Group Employee pursuant to the ESOS and for the time being subsisting ("Options") offered may only be accepted within 30 days from the date of the offer, accompanied by payment of a consideration of S$1 by the grantee. 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 offer of the Options.

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 grant of the Options (the "Market Price") or at a discount to the Market Price provided that the maximum discount shall not exceed twenty (20) per cent 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.

Options do not confer rights on the holder of Options to dividends or to vote at shareholders' meetings.

NOTES TO THE FINANCIAL STATEMENTS

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24. SHARE-BASED PAYMENTS (continued)

(a) Equity-settled ESOS (continued)

Details of the specific categories of options are as follows:

	Date of grant	Vesting date	Exercise period	Exercise price	Number of share options
2009A	8 July 2008	9 July 2009	9 July 2009 to 8 July 2018	S$0.215	1,000,000
2011A	18 August 2010	19 August 2011	19 August 2011 to 18 August 2020	S$0.184	600,000
2011C	18 August 2010	19 August 2012	19 August 2013 to 18 August 2020	S$0.150	1,200,000
2011D	4 October 2010	5 October 2012	5 October 2012 to 4 October 2020	S$0.160	750,000
2012A	16 August 2011	17 August 2013	17 August 2013 to 16 August 2021	S$0.174	2,600,000
2012B	16 August 2011	17 August 2013	17 August 2014 to 16 August 2021	S$0.174	2,300,000
2013A	19 July 2012	20 July 2014	20 July 2014 to 19 July 2022	S$0.201	2,900,000
2013B	19 July 2012	20 July 2014	20 July 2015 to 19 July 2022	S$0.201	2,500,000
2014A	15 August 2013	16 August 2015	16 August 2015 to 15 August 2023	S$0.162	1,200,000
2014B	15 August 2013	16 August 2015	16 August 2016 to 15 August 2023	S$0.162	1,200,000
2014C	15 August 2013	16 August 2015	16 August 2015 to 15 August 2023	S$0.162	1,850,000
2014D	15 August 2013	16 August 2015	16 August 2016 to 15 August 2023	S$0.162	1,250,000
2015A	19 August 2014	20 August 2016	20 August 2016 to 19 August 2024	S$0.406	3,125,000
2015B	19 August 2014	20 August 2016	20 August 2017 to 19 August 2024	S$0.406	2,875,000

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24. SHARE-BASED PAYMENTS (continued)

(a) Equity-settled ESOS (continued)

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

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

	2015		2014	
	Number of Options	Weighted average exercise price S$	Number of Options	Weighted average exercise price S$
Outstanding at the beginning of the year	**14,112,500**	**0.178**	18,150,000	0.167
Granted during the year	**6,000,000**	**0.406**	5,500,000	0.162
Exercise during the year	**(6,350,000)**	**0.184**	(8,337,500)	0.143
Lapsed during the year	**(50,000)**	**0.162**	(1,200,000)	0.184
Outstanding at the end of the year	**13,712,500**	**0.275**	14,112,500	0.178
Exercisable at the end of the year	**462,500**	**0.174**	2,112,500	0.170

The weighted average share price at the date of exercise for Options exercised during the year was S$0.482. The Options outstanding at the end of the year have a weighted average remaining contractual life of 8.6 years (2014: 8.3 years) and the exercise price ranged from S$0.162 to S$0.406 (2014: S$0.150 to S$0.215). During the financial year ended 31 March 2015, Options were granted on 19 August 2014 and the estimated fair value of the Options on that date is S$1,385,929. During the financial year ended 31 March 2014, Options were granted on 15 August 2013 and the estimated fair value of the Options granted on that date is S$555,901.

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:

	2015A and 2015B	2014A, 2014B, 2014C and 2014D
Weighted average share price	S$0.510	S$0.202
Exercise price	S$0.406	S$0.162
Expected volatility	59.39%	62.15%
Expected life	10 years	10 years
Risk free rate	2.33%	2.43%
Expected dividend yield	6.29%	6.27%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

24. SHARE-BASED PAYMENTS (continued)

(b) Equity-settled PSP

The PSP was adopted on 28 July 2008 and is targeted at recognising executives in key positions who are able to drive the growth of the Group through innovation, creativity and superior performance. Eligible participants include the employees of the Group (excluding independent directors of the Company and those who are Associates of Controlling Shareholders (as defined in accordance with the Listing Manual of the SGX-ST)) ("PSP Participant") selected by the committee comprising directors of the Company duly authorised and appointed by the board of directors of the Company to administer the PSP ("PSP Committee"). The PSP became effective on 28 July 2008 and, unless otherwise cancelled or amended, will remain in force for ten years from that date. Under the PSP, the PSP Committee may grant a contingent award of ordinary shares of the Company ("Award") to the PSP Participant. Awards represent the right of a PSP Participant to receive fully paid ordinary shares of the Company, 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 Award may be satisfied by the re-issue of treasury shares.

The PSP 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 PSP 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 (as the determined by the PSP Committee) on which payment of such Award is made or affected, 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/or

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

(iii) subject to the prior approval of the PSP Committee, and at the PSP Committee's absolute discretion, pay the equivalent cash value to the PSP Participant, in lieu of issuing or delivery all or some of the Shares issued or delivered to the PSP Participant.

Details of the specific categories of Awards are as follows:

	Date of award	Vesting period	Maximum shares to be awarded
2014A	15 August 2013	15 August 2013 to 15 August 2014	140,000
2014B	15 August 2013	15 August 2013 to 15 August 2014	560,000

Awards are lapsed if the PSP Participant leaves the Group before the Awards vest or associated performance target(s) and/or service condition(s) are not attained after review by the Group in the period subsequent to the vesting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

24. SHARE-BASED PAYMENTS (continued)

(b) Equity-settled PSP (continued)

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

	Number of Award	
	2015	**2014**
Outstanding at the beginning of the year	**700,000**	700,000
Granted during the year	**–**	700,000
Issued of shares/Awarded during the year	**(588,000)**	(140,000)
Lapsed during the year	**(112,000)**	(560,000)
Outstanding at the end of the year	**–**	700,000

During the financial year ended 31 March 2014, Awards were granted on 15 August 2013 and the estimated fair value of the Awards granted on that date is S$122,470.

These fair values were calculated using the Binomial Model. Expected volatility was determined by calculating the historical volatility of the share price 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 and behavioural considerations. The inputs into the model were as follows:

	Award 2014A
Weighted average share price	S$0.202
Expected volatility	26.48%
Expected life	1 year
Risk free rate	0.28%
Expected dividend yield	6.27%

The aggregate nominal amount of Shares over which the Committee may grant Options on any date, when added to the nominal amount of Shares issued and issuable in respect of (i) all Options granted under the ESOS; (ii) all Awards granted under the PSP; and (iii) all options or awards granted under any other share option scheme or share-based incentive scheme of the Company then in force, shall not exceed fifteen (15) per cent of the issued share capital of the Company on the day immediately preceding the date on which an offer to grant an option is made pursuant to the ESOS and/or on the day preceding relevant date of Awards under the PSP.

The aggregate number of Shares issued and issuable in respect of all Options/Awards granted under the ESOS and PSP available to all Controlling Shareholders (as defined under the Listing Manual of the SGX-ST) and their Associates (which means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which is and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more) must not exceed 25% of the Shares available under the ESOS and PSP.

The number of Shares issued and issuable in respect of all Options/Awards granted under the ESOS and PSP available to each of the Controlling Shareholders or their Associates must not exceed 10% of the Shares available under the Company Incentive Plans.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

25. RESERVES

(a) The Group

The amounts of the Group's reserves and the movements therein are presented in consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) The Company

	Share premium (note 25(c)(i)) HK$'000	Contributed surplus (note 25(c)(ii)) HK$'000	Share-based payment reserve (note 25(c)(iii)) HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 April 2013	91,867	67,239	6,649	31,046	196,801
Profit for the year	–	–	–	79,930	79,930
Dividend paid	–	–	–	(29,215)	(29,215)
Issue of shares on exercise of share options	6,480	–	–	–	6,480
Transfer to share premium upon exercise of share options	3,664	–	(3,664)	–	–
Cash settlement for the awards granted	–	–	(175)	–	(175)
Share-based payments	–	–	3,937	–	3,937
Lapsed of share-based payments	–	–	(1,092)	1,092	–
At 31 March 2014	102,011	67,239	5,655	82,853	257,758
At 1 April 2014	102,011	67,239	5,655	82,853	257,758
Profit for the year	–	–	–	140,169	140,169
Dividend paid	–	–	–	(74,618)	(74,618)
Issue of shares on exercise of share options	6,638	–	–	–	6,638
Transfer to share premium upon exercise of share options	3,822	–	(3,822)	–	–
Cash settlement for the awards granted	–	–	(616)	–	(616)
Share-based payments	–	–	4,749	–	4,749
Lapsed of share-based payments	–	–	(158)	158	–
At 31 March 2015	112,471	67,239	5,808	148,562	334,080

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

25. RESERVES (continued)

(c) Nature and purpose of reserves

(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 (details are set out in the Company's prospectus dated 16 March 2007) and represented the difference between the then consolidated net asset value of subsidiaries acquired, over the nominal value of the Company's shares issued in exchange therefor.

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

(iii) Share-based payment reserve

The share-based payment reserve represents the fair value of the actual or estimated number of unexercised Options and Awards granted to Group Employee and PSP Participants recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 3(p) to the financial statements.

(iv) Translation reserve

The 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(b)(iii) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

26. DEFERRED TAX LIABILITIES

The following are the deferred tax liabilities recognised by the Group:

The Group	**Accelerated tax depreciation HK$'000**
At 1 April 2013	3,388
Credit to profit or loss for the year (note 11)	(761)
At 31 March 2014 and 1 April 2014	2,627
Credit to profit or loss for the year (note 11)	(998)
At 31 March 2015	1,629

The following is the analysis of the deferred tax balances for statement of financial position purposes.

	The Group	
	2015 HK$'000	**2014 HK$'000**
Deferred tax liabilities	**1,629**	2,627

At the end of the reporting period the Group has unused tax losses of approximately HK$44,790,000 (2014: HK$44,723,000) available for offset against future profits and may be carried forward indefinitely. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

27. TRADE PAYABLES

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

	The Group	
	2015 HK$'000	**2014 HK$'000**
US$	**226,058**	231,799
RMB	**22,032**	21,276
HK$	**96,774**	100,086
JPY	**1,728**	48
Others	**801**	813
	347,393	354,022

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

28. ACCRUALS, OTHER PAYABLES AND DEPOSITS RECEIVED

	The Group		The Company	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
Accruals and other payables	**181,287**	168,465	**388**	440
Deposits received	**65,842**	58,254	**–**	–
Staff bonus payable	**27,746**	23,035	**–**	–
Bonus payable to directors	**14,826**	20,725	**–**	–
Provision for sales warranties	**25,891**	24,722	**–**	–
Provision for claims from customers	**20,202**	18,859	**–**	–
	335,794	314,060	**388**	440

The bonus payable to directors were unsecured, interest-free and repayable on demand.

The movements of the provisions are as follows:

The Group

	Provision for sales warranties HK$'000	Provision for claims from customers HK$'000	Total HK$'000
At 1 April 2013	20,738	14,113	34,851
Charge for the year	12,283	5,112	17,395
Reversal for the year	(2,123)	(326)	(2,449)
Realised during the year	(6,176)	(40)	(6,216)
At 31 March 2014 and 1 April 2014	24,722	18,859	43,581
Charge for the year	16,995	2,096	19,091
Reversal for the year	(5,016)	(308)	(5,324)
Realised during the year	(10,810)	(445)	(11,255)
At 31 March 2015	25,891	20,202	46,093

29. DERIVATIVE FINANCIAL INSTRUMENTS

	The Group	
	2015 HK$'000	2014 HK$'000
Foreign exchange forward contracts	**1,880**	2,871

The Group enters into foreign currency forward contracts to mitigate currency exposure of significant future transactions and cash flows in foreign currency. At the end of the reporting period, the Group had notional amounts as follows:

	The Group	
	2015 HK$'000	2014 HK$'000
Foreign exchange forward contracts – US$	**108,500**	294,500
Foreign exchange forward contracts – S$	**23,250**	–
	131,750	294,500

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

29. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

At 31 March 2015, the fair value liability of the Group's foreign exchange forward contracts is estimated to be approximately HK$1,880,000 (2014: HK$2,871,000). The net fair value gains on derivative financial instruments for the financial year ended 31 March 2015 amounted to approximately HK$991,000 (2014: net fair value losses of approximately HK$2,796,000) (note 9).

30. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

Additions of HK$264,000 (2014: HK$1,194,000) to property, plant and equipment during the year were prepaid during the year ended 31 March 2014 and recorded under prepayments, deposits and other receivables as at 31 March 2014.

31. BANKING FACILITIES

At 31 March 2015 and 2014, the banking facilities of the Group were secured by corporate guarantees executed by the Company and two subsidiaries of the Group. The fair value of the corporate guarantees given by the Company is not material and is not recognised in the financial statements.

32. CONTINGENT LIABILITIES

At 31 March 2015 and 2014, the Group and the Company did not have any significant contingent liabilities.

33. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	The Group	
	2015 HK$'000	2014 HK$'000
Contracted but not provided for:		
Acquisition of property, plant and equipment	**3,290**	3,287

34. LEASE COMMITMENTS

At 31 March 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2015 HK$'000	2014 HK$'000
Within one year	**1,134**	1,359
In the second to fifth years inclusive	**496**	551
	1,630	1,910

Operating lease payment represents rentals payable by the Group for certain of its offices, factory premises and staff dormitory. Lease are negotiated for an average term of one to five years and rentals are fixed over the lease terms and do not include contingent rentals.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

35. RELATED PARTY TRANSACTIONS

Apart from those disclosed elsewhere in these financial statements, transactions between the Group and other related parties which were entered into by the Group with the related parties negotiated on terms mutually agreed with these related parties are disclosed as follows:

	The Group	
	2015	**2014**
	HK$'000	**HK$'000**
Purchases of goods from:		
Nicecon Limited	**1,932**	2,343

Trade payables to the related parties arising from the purchases of goods are as follows:

	The Group	
	2015	**2014**
	HK$'000	**HK$'000**
Trade payables to:		
Nicecon Limited	**534**	554

The Group's key management personnel are the directors and key executives. The remunerations of directors and key executives for the financial years ended 31 March 2014 and 2015 are disclosed in note 12 to the financial statements.

Nicecon Limited is beneficially owned by the brother of Mr. Chow Kok Kit.

36. SEGMENT INFORMATION

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

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.

The accounting policies of the operating segments are the same as those described in note 3 to the financial statements. Segment profits or losses do not include dividend income, and gains or losses from investments and derivative instruments. Segment assets do not include amounts due from related parties, investments and derivative instruments. Segment liabilities do not include derivative instruments. Segment non-current assets do not include financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

36. SEGMENT INFORMATION (continued)

Information about reportable segment profit or loss, assets and liabilities:

	Consumer Electronics HK$'000	Industrial and Commercial Electronics HK$'000	Total HK$'000
Year ended 31 March 2015			
Revenue from external customers	1,473,010	956,241	2,429,251
Segment profit	144,395	180,196	324,591
As at 31 March 2015			
Segment assets	350,820	166,146	516,966
Segment liabilities	82,307	49,627	131,934

	Consumer Electronics HK$'000	Industrial and Commercial Electronics HK$'000	Total HK$'000
Year ended 31 March 2014			
Revenue from external customers	1,653,345	779,927	2,433,272
Segment profit	160,595	150,680	311,275
As at 31 March 2014			
Segment assets	414,782	102,431	517,213
Segment liabilities	101,041	46,510	147,551

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities:

	2015 HK$'000	2014 HK$'000
Revenue		
Total revenue of reportable segments	**2,429,251**	2,433,272
Consolidated revenue	**2,429,251**	2,433,272
Profit or loss		
Total profit or loss of reportable segments	**324,591**	311,275
Unallocated corporate expenses	**(175,409)**	(163,370)
Consolidated profit for the year	**149,182**	147,905
Assets		
Total assets of reportable segments	**516,966**	517,213
Club membership	**250**	256
Unallocated corporate assets	**1,005,470**	904,062
Consolidated total assets	**1,522,686**	1,421,531

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

36. SEGMENT INFORMATION (continued)

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities: (continued)

	2015 HK$'000	2014 HK$'000
Liabilities		
Total liabilities of reportable segments	**131,934**	147,551
Deferred tax liabilities	**1,629**	2,627
Unallocated corporate liabilities	**580,580**	544,786
Consolidated total liabilities	**714,143**	694,964
Other material items		
Depreciation and amortisation	**37,975**	39,674
Additions of property, plant and equipment	**30,209**	22,041

Geographical information:	Revenue		Non-current assets	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
United States of America	**1,156,181**	986,252	**–**	–
PRC	**599,803**	655,231	**191,837**	202,878
Netherlands	**123,097**	248,093	**–**	–
Canada	**151,979**	102,358	**–**	–
Other countries	**398,191**	441,338	**–**	–
Consolidated total	**2,429,251**	2,433,272	**191,837**	202,878

The geographical revenue is prepared based on the shipment destination so that the economic environments, in which the goods are shipped, can be evaluated.

Revenue from major customers

During the financial year ended 31 March 2015, the Group's external revenue amounting to approximately HK$1,660 million (2014: HK$1,540 million) was generated from three (2014: two) major customers, each of which accounted for 10% or more of the Group's total external revenue. This revenue was attributable to the Consumer Electronics segment and Industrial and Commercial Electronics segment.

37. EVENTS AFTER THE REPORTING PERIOD

On 26 May 2015, a final dividend of approximately HK$0.16 and a special dividend of approximately HK$0.04 per ordinary share were proposed by the Company to its shareholders in respect of the financial year ended 31 March 2015 (note 14).

SHAREHOLDERS' **INFORMATION**

AS AT 15 JUNE 2015

Authorised share capital	:	HK$190,000,000
Issued and fully paid-up capital	:	HK$37,472,625
Number of shares issued	:	374,726,250 shares
Number/Percentage of Treasury Shares	:	NIL
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	3	0.13	149	0.00
100 – 1,000	66	2.88	59,026	0.01
1,001 – 10,000	856	37.41	6,137,400	1.64
10,001 – 1,000,000	1,329	58.09	85,880,200	22.92
1,000,001 and above	34	1.49	282,649,475	75.43
	2,288	100.00	374,726,250	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1	Tse Chong Hing	68,969,692	18.41
2	Chow Kok Kit	28,741,238	7.67
3	Raffles Nominees (Pte) Ltd	27,963,068	7.46
4	HSBC (Singapore) Nominees Pte Ltd	26,140,200	6.98
5	UOB Kay Hian Pte Ltd	19,210,973	5.13
6	Citibank Nominees Singapore Pte Ltd	16,007,900	4.27
7	DBS Nominees Pte Ltd	13,947,520	3.72
8	Hung Kai Wing	10,000,000	2.67
9	DB Nominees (S) Pte Ltd	8,398,012	2.24
10	Leap International Pte Ltd	6,800,000	1.81
11	Morgan Stanley Asia (S) Securities Pte Ltd	6,672,100	1.78
12	OCBC Securities Private Ltd	4,240,900	1.13
13	Foo Seng Ngan	3,507,000	0.94
14	Ho Yam Hin	3,439,935	0.92
15	See Lop Fu James	3,400,000	0.91
16	United Overseas Bank Nominees Pte Ltd	3,089,000	0.82
17	Habacus Pte Ltd	3,000,000	0.80
18	DBSN Services Pte Ltd	2,971,300	0.79
19	Phillip Securities Pte Ltd	2,688,700	0.72
20	DBS Vickers Securities (S) Pte Ltd	2,402,800	0.64
		261,590,338	69.81

SHAREHOLDERS' INFORMATION

AS AT 15 JUNE 2015

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name	Direct Interest	%	Deemed Interest	%
Tse Chong Hing	68,969,692	18.41	–	–
Chow Kok Kit	28,741,238	7.67	–	–
HSBC Global Investment Funds	19,224,200	5.13	–	–
HSBC Investment Funds (Luxembourg) S.A.(1)	–	–	19,224,200	5.13
HSBC Global Asset Management (UK) Limited(2)	–	–	19,224,200	5.13
HSBC Global Asset Management Limited(3)	–	–	19,224,200	5.13
HSBC Investment Bank Holdings plc(4)	–	–	19,224,200	5.13
HSBC Global Asset Management (Hong Kong) Limited(5)	–	–	19,026,600	5.08
The Hongkong and Shanghai Banking Corporation Limited(6)	–	–	19,026,600	5.08
HSBC Asia Holdings B.V.(7)	–	–	19,026,600	5.08
HSBC Asia Holdings (UK) Limited(8)	–	–	19,026,600	5.08
HSBC Holdings B.V.(9)	–	–	19,026,600	5.08
HSBC Finance (Netherlands)(10)	–	–	19,026,600	5.08
HSBC Holdings plc(11)	–	–	19,026,600	5.08

Notes:–

(1) HSBC Investment Funds (Luxembourg) S.A. ("HIFL") is appointed as the Management Company of the funds. HIFL has deemed interest over the shares.

(2) HIFL is owned by HSBC Global Asset Management (UK) Limited ("AMEU") and AMEU has deemed interest over the shares held by HIFL.

(3) AMEU is owned by HSBC Global Asset Management Limited ("AMGB") and AMGB has deemed interest over the shares held by AMEU.

(4) AMGB is owned by HSBC Investment Bank Holdings plc ("HIBH") and HIBH has deemed interest over the shares held by AMGB.

(5) HSBC Global Asset Management (Hong Kong) Limited ("AMHK") is the discretionary fund manager and manage the investments for the two funds (ie. HSBC Global Investment Funds and HSBC Funds). AMHK has deemed interest over the shares.

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

(7) 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.

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

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

(10) HHBV is owned by HSBC Finance (Netherlands) ("HFN") and HFN has deemed interest over the shares held by HHBV.

(11) 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

73.83% 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 5, Mercury Room II & III, Furama RiverFront, Singapore, 405 Havelock Road, Singapore 169633 on Friday, 24 July 2015 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the financial year ended 31 March 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final dividend of HK16.0 cents and special dividend of HK4.0 cents per ordinary share (tax not applicable) for the year ended 31 March 2015 (2014: Final dividend of HK16.0 cents and special dividend of HK4.0 cents per ordinary share). **(Resolution 2)**

3. To note the retirement of Mr Chow Kok Kee as a Director of the Company pursuant to Bye-Law 104 of the Company's Bye-Laws.
[See Explanatory Note (i)]

4. To re-elect the following Directors of the Company retiring pursuant to Bye-Laws 104 and 107(A) of the Company's Bye-Laws:

Mr Chow Kok Kit	*(Retiring under Bye-Law 104)*	**(Resolution 3)**
Mr Ong Tiew Siam	*(Retiring under Bye-Law 107(A))*	**(Resolution 4)**
Ms Tan Siok Chin	*(Retiring under Bye-Law 107(A))*	**(Resolution 5)**

Mr Ong Tiew Siam will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and the Remuneration Committee and Chairman of the Nominating Committee and will be considered independent.

Ms Tan Siok Chin will, upon re-election as a Director of the Company, remain as a member of the Audit Committee, the Nominating Committee and the Remuneration Committee and will be considered non-independent.

5. To approve the payment of Directors' fees of S$213,000 for the year ending 31 March 2016, to be paid quarterly in arrears at the end of each calendar quarter (2015: S$250,000).
[See Explanatory Note (ii)] **(Resolution 6)**

6. To appoint PricewaterhouseCoopers Hong Kong as the Auditors of the Company in place of the retiring Auditors, RSM Nelson Wheeler and RSM Chio Lim LLP and to authorise the Directors to fix their remuneration.
[See Explanatory Note (iii)] **(Resolution 7)**

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

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

8. To approve the appointment of Mr Loo Cheng Guan as a Director of the Company pursuant to Bye-law 107(A) of the Company's Bye-Laws.
[See Explanatory Note (i)] **(Resolution 8)**

9. **Authority to allot and issue Shares up to 50 per centum (50%) of issued Shares – Ordinary Resolution**

That pursuant to Rule 806 of the Listing Manual of the SGX-ST, authority be given to the Directors to issue ordinary shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise, and/or 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 may, in their absolute discretion deem fit and (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 while this Resolution was in force, provided that:–

(a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution (as calculated in accordance with sub-paragraph (b) below);

(b) (subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (the "**SGX-ST**")) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the total number of issued Shares (excluding treasury shares) in the capital of the Company shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company as at the date of the passing of this Resolution, after adjusting for:

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

    (ii) new Shares arising from exercising share options or vesting of Share awards outstanding or subsisting at the time this Resolution is passed; and

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

(c) 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

(d) unless revoked or varied by the Company in a general meeting, such authority shall continue in force (i) 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 or (ii) in the case of Shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such Shares in accordance with the terms of such convertible securities.
[See Explanatory Note (iv)] **(Resolution 9)**

NOTICE OF ANNUAL GENERAL MEETING

10. **Authority to allot and issue Shares under the Valuetronics Employee Share Option Scheme and the Valuetronics Performance Share Plan – Ordinary Resolution**

That authority be and is hereby given to the Directors to offer and grant options in accordance with the provisions of the Valuetronics Employee Share Option Scheme (the "**ESOS**") and/or to grant awards in accordance with the Valuetronics Performance Share Plan (the "**PSP**") and allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of options under the ESOS and/or the vesting of awards under the PSP, provided always that the aggregate number of additional Shares to be allotted and issued pursuant to the ESOS and the PSP shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company from time to time 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 of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (v)] **(Resolution 10)**

11. **Renewal of Share Buyback Mandate – Ordinary Resolution**

THAT:

(1) for the purpose 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 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 Limit (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, Cap. 50 of Singapore,

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; and

(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.

NOTICE OF ANNUAL GENERAL MEETING

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 a 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 (vi)] **(Resolution 11)**

By Order of the Board

Tan San-Ju
Yeo Poh Noi Caroline
Company Secretaries

Singapore, 8 July 2015

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) As part of the Board renewal process, the Board accepted the recommendation of the Nominating Committee on the appointment of Mr Loo Cheng Guan as an Independent Director of the Company in place of Mr Chow Kok Kee who will step down as the Lead Independent Director of the Company on 24 July 2015 after the conclusion of the Annual General Meeting. The profile of Mr Loo Cheng Guan is found on page 10 of the Annual Report.

Following the retirement of Mr Chow Kok Kee as the Lead Independent Director of the Company, he will cease to be Chairman of the Audit Committee and the Remuneration Committee and a member of the Nominating Committee.

(ii) Directors' fees of S$213,000 for the year ending 31 March 2016, if approved by the shareholders at the Annual General Meeting, will be paid quarterly in arrears at the end of each calendar quarter to Non-Executive Directors and Independent Directors.

(iii) RSM Nelson Wheeler and RSM Chio Lim LLP, the retiring Auditors, have served as Auditors of the Company for nine consecutive years since 2007 and three consecutive years since 2013 respectively. The Directors are of the view that it would be timely to effect a change of Auditors from RSM Nelson Wheeler and RSM Chio Lim LLP to PricewaterhouseCoopers Hong Kong ("**PwC HK**") as part of the Company's efforts to enhance its corporate governance. PwC HK has given its consent to act as Auditors of the Company. The Directors have reviewed the credentials and services provided by PwC HK, and with the concurrence of the Audit Committee, recommend the appointment of PwC HK as Auditors of the Company. A Circular is attached to provide shareholders of the Company with information relating to the proposed change of Auditors to be tabled at the Annual General Meeting.

(iv) The Ordinary Resolution 9 proposed in item 9 above, if passed, will empower the Directors, effective 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares, make or grant Instruments convertible into Shares and to allot and issue Shares pursuant to such Instruments, up to a number of Shares not exceeding, in total, fifty per centum (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a pro rata basis to shareholders of the Company.

(v) The Ordinary Resolution 10 proposed in item 10 above, if passed, will empower the Directors, effective 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of options granted or to be granted under the ESOS. The aggregate number of Shares which may be issued pursuant to the ESOS and the PSP which the Company may have in place shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company from time to time.

(vi) The Ordinary Resolution 11 proposed in item 11 above, if passed, will empower the Directors, effective 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, or the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated, whichever is the earlier, to repurchase Shares by way of Market Purchases or Off-Market Purchases of up to ten per centum (10%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company at the Maximum Price. A Circular is attached to this Notice to provide shareholders of the Company with information relating to the Renewal of the Share Buyback Mandate to be tabled at the Annual General Meeting.

NOTICE OF
ANNUAL GENERAL MEETING

Notes:

1. A Shareholder being a Depositor whose name appears in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 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, 63 Cantonment Road, Singapore 089758, at least forty-eight (48) hours before the time of the Meeting.

3. If the Depositor is a corporation, the instrument appointing a proxy must be executed under 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) for the purpose of the processing and administration by the Company (or its agents) 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) 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), 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) 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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