VALUETRONICS HOLDINGS LIMITED

ANNUAL REPORT 2014

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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,

I am delighted to report that Valuetronics Holdings Limited ("Valuetronics" or the "Group") has delivered yet another year of strong profitability growth for the financial year ended 31 March 2014 ("FY2014"). As the global economy gradually improves, the Group has also demonstrated great resillience and adaptability to achieve its stellar results for FY2014.

Highlights of FY2014

FY2014 saw Valuetronics recording a 88.0% growth in net profit attributable to shareholders as the Group delivers a consistent set of positive results throughout the year. The improvement in net profit attributable to shareholders was mainly due to a strategic and gradual shift in the Group's product sales mix, as well as the absence of the loss-making discontinued operations in previous financial years.

Our Consumer Electronics ("CE") and Industrial and Commercial Electronics ("ICE") business segments recorded revenue increases of 4.6% and 24.0% respectively for FY2014. With the significant revenue growth in the ICE segment, the Group's gross and net profit for continuing operations has increased in tandem by 20.9% and 24.9% respectively. The improvement in overall gross margin from 12.2% to 13.4% is due to the change in our product sales mix.

Our balance sheet continued to be strengthened by our positive operating cashflow and better working capital management during FY2014. This has resulted in a significant increase in our net asset per share by 32.7 HK cents, from 164.5 HK cents as at 31 March 2013 to 197.2 HK cents as at 31 March 2014.

Dividend Policy

In recognition of the continuous support of our shareholders, I am pleased to announce that the Board of Directors (the "Board") has established a formal dividend policy for Valuetronics. The dividend policy will provide our shareholders with an annual dividend payout of 30% to 50% of the net profit attributable to shareholders in the coming financial years, subject to certain terms and conditions, and the discretion of the Board. Details of our dividend policy are disclosed in pages 20 and 21 of this annual report.

For FY2014, the Board is recommending a Final Dividend of 16 HK cents per share and a Special Dividend of 4 HK cents per share, both of which are subject to shareholders' approval at the Annual General Meeting. In aggregate, the Final and Special Dividends amount to 49.3% of the net profit attributable to shareholders for FY2014.

Valuetronics has maintained a consistent dividend payout history since its listing on the SGX Mainboard in 2007. We believe that the establishment of this formal dividend policy will give greater transparency and confidence to our shareholders in terms of their returns on investment.

Operations Overview

Volume Builder - CE Segment

The Group's CE segment, which contributed to more than half of the Group's revenue, had single digit revenue growth for FY2014. This growth was mainly due to the launch of new products from the Group's existing customers. Profitability for CE segment has also increased as the Group continued to exercise greater operational efficiency and suppy chain productivity.

During the financial year under review, the Group has also increased its production capacity on the CE front. In addition, it has successfully completed the co-development of a semi-automated assembly line with one of its CE customers to support their growth in the mass market.

Growth Driver - ICE Segment

The ICE segment has achieved significant growth in FY2014. With a widened customer base, Valuetronics' ICE segment delivered a record revenue in FY2014.

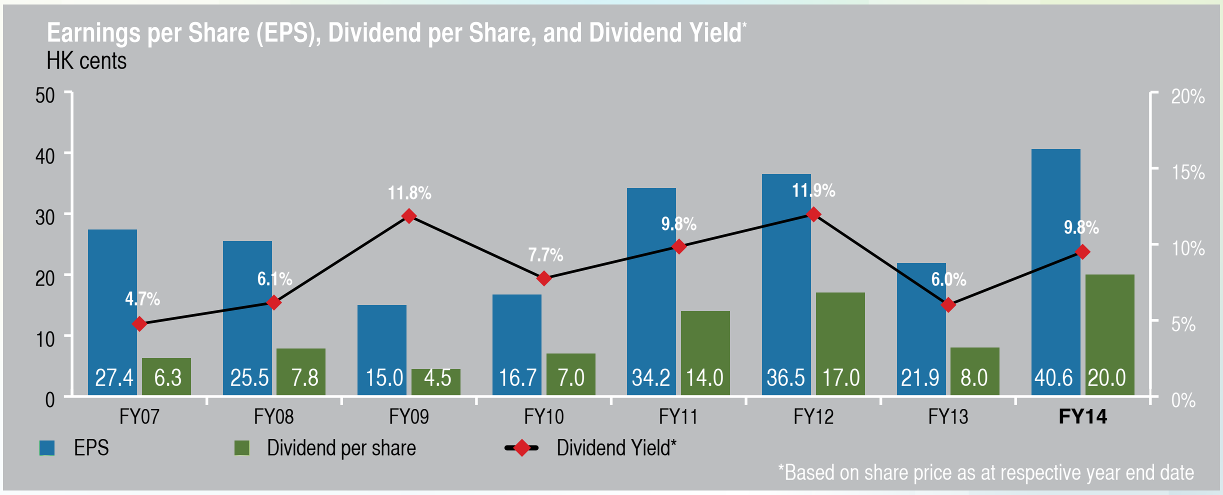
In FY2014, the Group's ICE product portfolio was further boosted by the transfers of production facilities from an existing customer as well as a new ICE customer to Valuetronics' production facilities.

The Group continued to benefit from the strong growth of some of its major ICE customers, and this segment is likely to be enhanced due to the outsourcing trend in manufacturing. We believe that in time to come, ICE will be a strong profitability growth driver due to the nature of ICE products having a higher margin when compared to the products from the CE segment. The Group is also growing its ICE customer base so that it can achieve a better balance between the ICE and CE segments and higher profitability.

Management of Talents

As Valuetronics continues to steadily grow, the management has always believed that its people is the key to the Group's success. Recognising the importance in getting and retaining the right people, Valuetronics has a management programme in place to identify, groom and train executives and management at all levels

CHAIRMAN'S STATEMENT



to handle their operational duties and in that process, inculcating the desired corporate values, work attitudes and behaviours. In doing so, we aim to build up a strong management team that is ready to meet unexpected challenges and propel the Group forward in the years to come.

Continuous Improvement

To put Valuetronics on the cutting edge, the Group will be implementing a Manufacturing Execution System (MES) that makes shop-floor information promptly available to the various departments across the Group, allowing them to respond more rapidly to changing requirements and conditions. With the MES, we are able to put more focus on customer resource management, product life-cycle management and enterprise resource planning, which provide improved supply-chain visibility, greater manufacturing consistency, improved on-time delivery and an improved customer experience.

Not only does a MES have advanced manufacturing process control, data acquisition and management capabilities built in, but it also has an architecture that is flexible and able to scale up. With full end-to-end visibility, quality data can be then captured and integrated throughout the supply chain thus improving end-to-end performance analysis, the results of which, can flow through to our bottom line.

Outlook

Valuetronics believes that its expanding product portfolio and on-going operating efficiency improvements will provide the foundation for continuous growth. While there are signs of a recovery in the global economy, we will closely monitor how our customers react and capture any additional opportunities. We continue to expect recurring operational challenges, such as cost and wage pressures in the PRC.

As always, we will continue to remain vigilant in monitoring of market developments and technology trends whilst continuing efforts to improve our fundamentals, including design and development capabilities, production efficiencies and inventory management.

To curb with rising costs, further efforts to identify cost savings and new areas for efficiency improvements will be made. We will continue to invest in automation and lean manufacturing initiatives to improve both labour efficiency and overall productivity, while focusing on cost improvements through value engineering, supply chain productivity and quality enhancement.

In Appreciation

In closing, I would like to express my gratitude to my fellow board members for their valuable advice and service over the years. In this regard, I would like to thank our Executive Director, Mr Hung Kai Wing, who has retired from the Board, for his efforts towards building Valuetronics. Mr Hung will continue to remain on as a Director of the Company's principal operating subsidiary, Honor Tone Limited after his retirement and will continue to be a key executive officer of the Group.

In addition, I would like to thank our Independent Directors, Mr Lim Chin Tong and Mr Wu Tak Lung, who are retiring at the forthcoming Annual General Meeting ("AGM").

At the same time, I would like to welcome Mr Ong Tiew Siam and Ms Tan Siok Chin who will be joining our Board upon shareholder approval at the forthcoming AGM. Both Mr Ong and Ms Tan bring with them a wealth of experience in their own fields, and I believe that they will add new depth and breadth to the Board. Upon their election, the Board committees will be reconstituted and will be announced accordingly at a later timing.

I would like to thank our business partners, suppliers and associates for their confidence in us, and our staff and management for their diligence and dedication. Last but not least, the Group would also like to thank our shareholders for their continuous support.

As we continue to enhance the value of our growth, I believe that we are able to build on the momentum of our success by further expanding our customer base and supporting our existing and new customers in their product innovation and evolving needs.

I look forward to another value-adding year.

Tse Chong Hing
Chairman and Managing Director

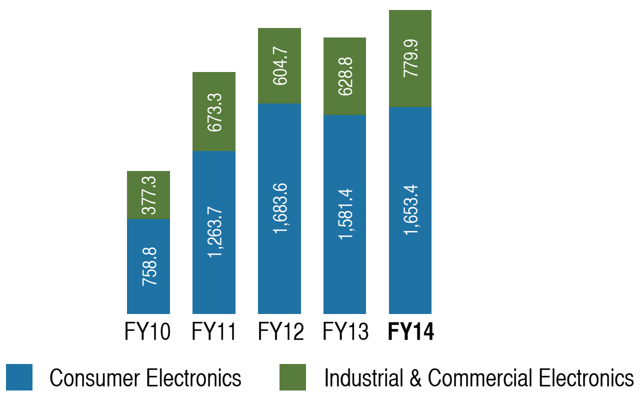
FINANCIAL HIGHLIGHTS

5 Years Summary

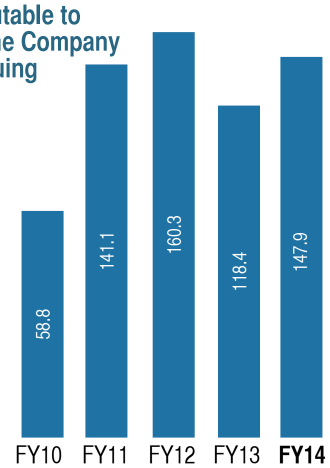
31 March		2010	2011	2012	2013	**2014**
Results (HK$ million)						
Continuing operations						
Revenue	Consumer Electronics	758.8	1,263.7	1,683.6	1,581.4	**1,653.4**
	Industrial & Commercial Electronics	377.3	673.3	604.7	628.8	**779.9**
	Total	1,136.1	1,937.0	2,288.3	2,210.2	**2,433.3**
Gross profit		177.3	303.0	321.3	270.2	**326.8**
Profit before tax		66.1	157.0	178.5	131.3	**166.9**
Profit attributable to owners of the Company		58.8	141.1	160.3	118.4	**147.9**
Cash generated from operations		29.5	46.2	264.4	92.0	**311.8**
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		767.3	1,031.4	1,233.4	1,112.4	**1,421.5**
Total liabilities		397.0	555.2	665.0	520.2	**695.0**
Total equity		370.3	476.2	568.4	592.2	**726.6**
Net cash[&]		139.9	98.2	243.7	221.6	**477.9**
Per share data (HK cents)						
Earnings per share - basic		16.7	34.2	36.5	21.9	**40.6**
Dividend per share		7.0	14.0	17.0[#]	8.0	**20.0[@]**
Net asset value per share		105.1	133.9	158.5	164.5	**197.2**
Key ratios (%)						
Gross profit margin (continuing operations)		15.6%	15.6%	14.0%	12.2%	**13.4%**
Net profit margin (continuing operations)*		5.2%	7.3%	7.0%	5.4%	**6.1%**
Return on assets		7.7%	11.8%	10.6%	7.1%	**10.4%**
Return on equity		15.9%	25.5%	22.9%	13.3%	**20.4%**
Dividend payout ratio		41.9%	40.9%	46.6%	36.5%	**49.3%**

[&] 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

Revenue from Continuing Operations
HK$ million



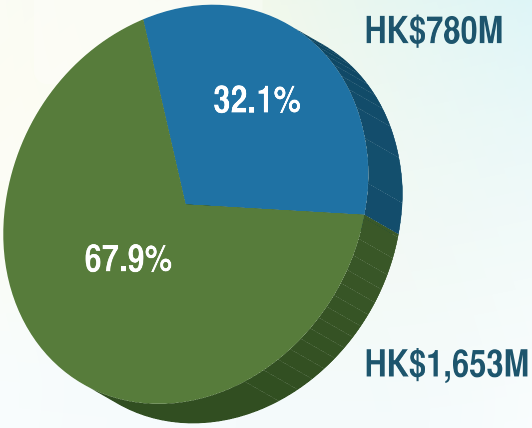
Profit Attributable to Owners of the Company from Continuing Operations
HK$ million



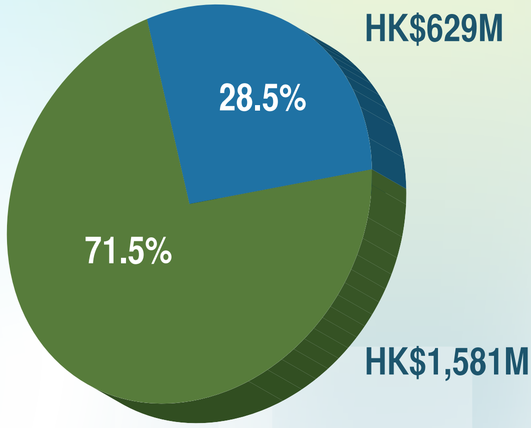
FINANCIAL REVIEW

Revenue from Continuing Operations

FY2014



FY2013



Consumer Electronics Industrial and Commercial Electronics

Revenue (Continuing operations)

The Group recorded an increase of 10.1% in revenue for FY2014, from HK$2,210.2 million in FY2013 to HK$2,433.3 million in FY2014. The increase was mainly attributable to the stable growth from some of the Group's Consumer Electronics ("CE") customers and Industrial and Commercial Electronics ("ICE") customers.

Revenue contributed by the CE segment increased by 4.6% to HK$1,653.4 million from HK$1,581.4 million in FY2013, while ICE revenue increased by 24.0% to HK$779.9 million from HK$628.8 million in FY2013. The increase for both CE and ICE revenue was mainly attributable to the increase in demand from some CE and ICE customers.

Gross profit and gross profit margin

The Group's gross profit for FY2014 increased by 20.9% to HK$326.8 million with an improvement of 1.2 percentage points in gross profit margin from 12.2% to 13.4%. The improvement in gross profit margin was mainly due to the change in product sales mix in FY2014.

Other income

Other income increased by 13.0% to HK$12.6 million, which was mainly due to the increase in net foreign exchange gains.

Selling and distribution costs

In tandem with the increase in sales volume, selling and distribution costs increased by 10.2% to HK$38.9 million due to the increase in outward logistic costs and sales related expenses.

Administrative expenses

Administrative expenses increased by 16.1% to HK$130.1 million, which was mainly due to the increase in salaries for the employees and one-off consultant fees related to the upgrade of the Group's information technology infrastructure.

Net other operating losses

During FY2014, the Group entered into certain foreign exchange forward contracts to hedge against its exposure to Renminbi and the Singapore Dollar. The net fair value losses on derivative financial instruments of HK$2.8 million represented the unrealised losses and mark-to-market values of these contracts as at 31 March 2014.

Profit before tax

As a result of the above, the profit before tax from continuing operations of FY2014 increased by 27.1% to HK$166.9 million.

Results of discontinued operations

The Group has terminated its licensing business in FY2013, where it contributed HK$32.7 million of revenue and recorded HK$39.8 million in loss.

Financial position and cash flows

As at 31 March 2014, the Group had net current assets of HK$514.5 million compared to HK$376.4 million as at 31 March 2013. Total assets were recorded at HK$1,421.5 million (31 March 2013: HK$1,112.4 million) and shareholders' funds of HK$726.6 million (31 March 2013: HK$592.2 million).

Due to the increase in revenue, the Group's trade receivables increased by HK$35.7 million from HK$481.5 million as at 31 March 2013 to HK$517.2 million as at 31 March 2014. Trade payables increased by HK$112.6 million from HK$241.4 million as at 31 March 2013 to HK$354.0 million as at 31 March 2014. The Group's inventories increased by HK$20.5 million from HK$178.4 million as at 31 March 2013 to HK$198.9 million as at 31 March 2014.

The working capital of the Group as at 31 March 2014, which is the sum of trade receivables and inventories less trade payables, was recorded at HK$362.1 million, compared to HK$418.5 million as at 31 March 2013.

Cash and cash equivalents increased significantly from HK$221.6 million as at 31 March 2013 to HK$477.9 million as at 31 March 2014, which was attributed to better working capital management. Over 90% of the cash and cash equivalents were placed in reputable financial institutions in Hong Kong. For the remaining balance, the cash and cash equivalents were placed in equivalent reputable financial institutions in the PRC. The cash and cash equivalents are annually audited by the Group's auditors.

The Group had no bank borrowings as at 31 March 2014 (31 March 2013: Nil).

OPERATIONS REVIEW

The Group recorded a strong profitability growth for FY2014 with an 88.0% increase in its net profit attributable to shareholders. The strong performance in FY2014 is mainly attributed to expanding profit margins for our operations, significant growth in our ICE segment and substantial cash flow generated from our operating activities.

Consumer Electronics ("CE")

The Group's CE segment has registered creditable single digital growth during FY2014, which resulted from the new products launched by our customers during the year.

LED lighting products from one of our long-term customers continued to contribute to a large portion of our CE sales revenue. During the financial year under review, this customer has also developed a few new product series for sale in the mass market at a more affordable price. This move has received favourable feedback from the consumers as it adds on to the cost savings for end users. We believe that as our customer launches more and better products, it will expand their outreach, which will ultimately benefit us.

The contribution of personal care products from another of our key customer in the CE segment remained steady for FY2014. As this customer continues to focus on personal care products, we believe that as one of their preferred suppliers, we will be also be able to ride on the growth and continuous market penetration of their products.

Industrial Commercial Electronics ("ICE")

In FY2014, the Group's ICE segment had acheived a record contribution, which was mainly due to a widened ICE customer base and strong growth from ICE customers during the financial year.

The ICE segment for the Group was further accentuated by the transfers of production facilities from an existing customer as well as a new ICE customer to Valuetronics' production facilities. These moves by our customers are a strong testimony of the quality of our value-engineering abilities, where we have inputs to our customers' design and development process, while at the same time, reducing their total cost of purchase.

We produce and manufacture complex and sophisticated products for other major ICE customers such as access card readers, label printers, transaction printers, smart temperature controls, high precision GPS products used in agriculture industry. These customers continue to be leading market players in their respective segments. As our ICE customers continue their stable growth, we believe that we will also continue to benefit from sustained demand from them. In addition, as most of our ICE customers are based in North America, they are also likely to benefit from the gradual recovery of the US economy.

In addition, our wide product portfolio from a range of brand owners in different industries also showcase our production capabilities and adaptability to create and manufacture a 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 products and customers in the near future.

Process Improvements

The Group understands the benefits and importance of automation in manufacturing and process engineering. As a result, it has been dedicated in its efforts on researching the latest improvements in manufacturing engineering and automation. These improvements then take the form of the Group's latest Process Automation Projects which focus on enhancing the design and development of in-house machines and equipment.

We believe that our investment in process automation will not only improve our in-house manufacturing processes and efficiencies, but also assist in enhancing and developing our manufacturing expertise and competencies, which can be used in other production processes.

The Group will continue to focus on manufacturing process improvements in order to remain competitive in the market.

OPERATIONS REVIEW

In the last 12 months, besides the process automation projects , our in-house Engineering team has also developed semi-automated machineries for our high volume products, which has resulted in a reduction of our workforce and improvement on quality stability.

The Group is now in its fourth year of adopting lean manufacturing, with more than 30 Kaizen & Quality Control Circles (QCC) projects that have resulted in signficant improvements in productivity and efficiency.

In addition, the Group has also invested in the development and implementation of a Manufacturing Execution System (MES) infrastructure to cope with greater manufacuturing and quality demands. The 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.

MES makes shop-floor information promptly available to the various departments across the Group, allowing them to respond more rapidly to changing requirements and conditions. With the implementation of MES, we expect the Group to benefit from reducing scrap and wastage, capturing costs more precisely, increasing production uptime, reducing inventory, which ultimately leds to cost savings and better customer satisfaction.

During the year, the Group has also invested in the upgrading of key information technology infrastructure to enhance design and cost analysis capability, and prepare for the acceptance of more new customers, especially in the ICE segment.

Human Capital

The Group believes in growing the Group together with its employees, and recognises that every employee is an asset to the Group. As such, we employ various HR strategies and initiatives to attract and retain good staff, such as offering regular in-house training covering areas from technical knowledge in relation to special tasks and processes, to updates on various environment, health and safety regulations for example.

The Group continues to employ various HR initiatives to increase staff engagement & committment at worker level, like festive celebrations , birthday parties, talent shows and sports competitions.

The Group also embarked on several programs to enhance employee performance level, develop a high performance culture and increase organisational performance.

In order to increase organisational performance, a Revamped Performance Management System was initiated. This new initiative covered a revamped organisational structure, a job ranking structure, new job evaluation, goal setting for individuals, group, or a department and a new approach to the annual performance appraisal.

The Group has also invested in the upgrading of HR information system (HRIS) to facilitate more electronics workflow which will result in higher efficiency and data accuracy.

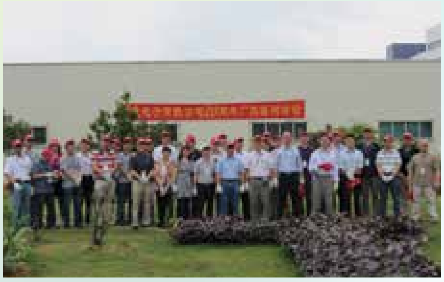
Outlook

For FY2014, the gradually improving global economy, expanding product portfolio, and on-going operating efficiency improvements have laid the foundation for our continuous growth.

We will continue our success by expanding our customer base, even as we face the recurrent headwind of rising labour cost in China. On our part, we will make further efforts to identify cost savings and new areas for efficiency improvements. This includes continuing to invest in automation and lean manufacturing initiatives to improve both labour efficiency and overall productivity. We will also focus on cost improvements on value engineering, supply chain productivity and quality enhancement.

In the coming year, we will continue to play an active role in supporting our customers' product innovation and responding to their evolving needs. With our past and future productivity enhancements, we are well-positioned to maintain our growth momentum over the longer term.

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 specialises in the D&D of telecommunication and computer products, and holds an Associateship in Mechanical Engineering and a Higher Certificate in Mechanical Engineering from the Hong Kong Polytechnic.

MR HUNG KAI WING

Executive Director (Retired on 27 May 2014)

Hung Kai Wing is the Executive Director of our Company and he joined the Group in March 2000. He is responsible for overseeing the manufacturing operations of our Group. 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 Hung retired as an Executive Director of the Company with effect from 27 May 2014. Mr Hung will continue to remain as a Director of the Company's principal operating subsidiary, Honor Tone Limited, after his retirement from the Company's Board of Directors. He will also continue to be a key executive officer of the Company.

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 LIM CHIN TONG
Independent Director

Lim Chin Tong was appointed as an Independent Director of our Company on 6 February 2007. He is currently an Executive Director of Manufacturing Integration Technology Ltd ("MIT"), a SGX Mainboard listed manufacturer of semiconductor and solar equipment for the global market. Mr Lim spent 20 years in the Singapore government with the Economic Development Board before moving to the private sector in 2000. Apart from Valuetronics and MIT, he also sits on the board of Metal Component Engineering Ltd. Mr Lim has a Bachelor of Science (Hons) degree in mechanical engineering from the University of Leeds (UK) and a Diploma in Business Administration from the National University of Singapore. In addition, he attended the Program for Management Development at the Harvard Business School.

MR WU TAK LUNG
Independent Director

Wu Tak Lung was appointed as an Independent Director of our Company on 31 August 2011. He is an independent non-executive director of Beijing Media Corporation Limited, Aupu Group Holding Company Limited and China Machinery Engineering Corporation, which are listed on the Stock Exchange of Hong Kong Limited ("SEHK"), and First Tractor Company Limited, which is listed in both Shanghai Stock Exchange and the SEHK. In the last three years, he was an independent non-executive director of China Water Industry Group Limited, Neo-Neon Holdings Limited, Apollo Solar Energy Limited (renamed Hanergy Solar Group Limited) and iMerchants Limited (renamed Chinese Energy Holdings Limited), which are listed in the SEHK. Mr Wu has worked in Deloitte Touche Tohmatsu, an international audit firm, for five years, and then served as head of corporate finance, chief financial officer and executive director at several listed companies in Hong Kong. Mr Wu obtained a BBA degree in Hong Kong Baptist University in 1993 and a master's degree in Business Administration jointly awarded by the University of Manchester and the University of Wales in 2001. Mr Wu is a fellow member of the Association of Chartered Certified Accountants, Hong Kong Institute of Chartered Secretaries and the Taxation Institute of Hong Kong. He is also a member of the Hong Kong Securities Institute and an associate member of the Hong Kong Institute of Certified Public Accountants.

PROPOSED DIRECTORS

As part of the Board renewal process, the Board has accepted the recommendation of the Nominating Committee on the appointment of Mr Ong Tiew Siam as an Independent Director and Ms Tan Siok Chin as a Non-Executive Director to replace Mr Lim Chin Tong and Mr Wu Tak Lung, who will step down as Independent Directors after the conclusion of the forthcoming Annual General Meeting. The approval on the appointment of the proposed Directors is subject to the passing of Resolution 5 and Resolution 6 in the Notice of Annual General Meeting (page 76).

MR ONG TIEW SIAM
Independent Director

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 Singapore Institute of Certified Public Accountants of Singapore 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

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.

KEY MANAGEMENT

MR WONG HING KWAI
Director, Plastics Division

Wong Hing Kwai is Director of our Plastics Division. 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, LEAN/ Best Practices, Training, 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

Peter Lau is one of our Group's Senior Business Unit Managers and he joined our Group in September 2004. He is responsible for the overall business management for one of the Group's business units. He drives 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)
Lim Chin Tong
Wu Tak Lung

Audit Commitee
Chow Kok Kee (Chairman)
Lim Chin Tong
Wu Tak Lung

Nominating Commitee
Wu Tak Lung (Chairman)
Chow Kok Kee
Lim Chin Tong

Renumeration Commitee
Lim Chin Tong (Chairman)
Chow Kok Kee
Wu Tak Lung

Company Secretaries
Hazel Chia Luang Chew
Appleby Services (Bermuda) Ltd [1]

Registered Office
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

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

Bermuda Share Registrar
Appleby Management (Bermuda) Ltd
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Singapore Share Transfer Agent
B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758

Auditors
RSM Nelson Wheeler
Certified Public Accountants
29th Floor, Caroline Centre
28 Yun Ping Road, Causeway Bay
Hong Kong
Partner in charge: Wong Wo Cheung
(with effect from FY2013)

RSM Chio Lim LLP
8 Wilkie Road,
#03-08 Wilkie Edge
Singapore 228095
Partner in charge: How Beng Tiong Derek
(with effect from FY2013)

[1] Appleby Services (Bermuda) Ltd is the assistant secretary of the Company

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 revised Code of Corporate Governance 2012 which was issued on 2 May 2012 by the Monetary Authority of Singapore (the “2012 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 2012 Code.

BOARD MATTERS

Principle 1: Board’s Conduct of its Affairs

In managing the Group’s business, the Board 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 and compliance controls; and
f) Reviews the adequacy and improvement of its 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 appointment of Directors, major funding and investment proposal.

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. Each Board Committee functions within its own defined terms of reference and procedures. All committees are chaired by an Independent Director.

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 overall business environment. 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 Board 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 FY2014	4	4	1	2
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)	4	N/A	N/A	N/A
Independent Directors				
Chow Kok Kee	4	4	1	2
Lim Chin Tong	4	4	1	2
Wu Tak Lung	4	4	1	2

Note –
Mr Hung Kai Wing retired as an Executive Director of the Company on 27 May 2014.

Orientations are organized for new Directors, when appointed, that include briefing by Management on the Group's structure, businesses, operations and governance policies. As part of their continuing education, the Board may attend courses in areas of directors' duties and responsibilities, corporate governance, changes in financial reporting and insider trading, to keep themselves apprised and updated on the latest corporate, regulatory, legal and other requirements, at the Company's expenses.

The Board is updated on amendments/requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), industry developments as well as statutory and regulatory requirements, where relevant, from time to time.

New Directors will be provided with a letter of appointment setting out their duties, obligations and terms of appointment.

Principle 2: Board Composition and Guidance

The Board currently comprises two Executive Directors and three 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	–	–	–
Chow Kok Kee	Lead Independent Director	6 February 2007	17 July 2012	Chairman	Member	Member
Lim Chin Tong	Independent Director	6 February 2007	17 July 2012	Member	Member	Chairman
Wu Tak Lung	Independent Director	31 August 2011	17 July 2012	Member	Chairman	Member

The Board comprises one-third Independent Directors who offer alternative view of the Group's business and corporate activities.

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 NC regularly reviews the size and composition of the Board 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.

Independent 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 Ms Tan Siok Chin as a Non-Executive Director and Mr Ong Tiew Siam as an Independent Director in place of Mr Lim Chin Tong and Mr Wu Tak Lung who will step down as Independent Directors on 22 July 2014 after the conclusion of the Annual General Meeting ("AGM").

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 has adopted a single leadership structure whereby the roles of Chairman of the Board and the Managing Director are held by the same person, so as to 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 Director, Mr Tse will be 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 Lead Independent Director, is available to address shareholders' concerns on issues that cannot be appropriately dealt with by the Chairman, Managing Director or Group Financial Controller.

Principles 4 & 5: Board Membership and Board Performance

The NC is regulated by a set of written terms of reference and comprises three Independent Directors:

Wu Tak Lung, *Chairman*
Lim Chin Tong
Chow Kok Kee

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) where a Director has multiple board representations, to determine if the Director is able to carry out and / or has adequately carried out his duties as a Director of the Company.

The Company's process for selection and appointment of new Directors provides the procedure for identification of potential candidates' skills 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 reviewed the independence of the Board members with reference to the guidelines set out in the 2012 Code and has determined that Mr Chow Kok Kee, Mr Lim Chin Tong and Mr Wu Tak Lung to be independent.

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 6 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.

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

In compliance with the recommendation of the 2012 Code, a performance evaluation was conducted for the Board as a whole and each of its Board Committees (namely, the AC, NC and RC) in FY2014. This evaluation exercise reviews the effectiveness of the Board as a whole and of its Board Committees and provides an opportunity to obtain constructive feedback from each Director and Board Committee members on whether procedures and processes had allowed him to discharge his duties effectively. They were also been encouraged to propose changes which may be made to enhance the effectiveness of the Board and Board Committees.

The performance evaluation for FY2014 was conducted by having all Directors complete a questionnaire. The findings on the performance evaluation are discussed with the Chairman of the Board and of each Board Committees, appropriate actions taken. No external facilitator had been 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 Lim Chin Tong and Mr Wu Tak Lung are due for re-election at the forthcoming AGM of the Company. However, Mr Lim and Mr Wu had expressed their intention to step down as Independent Directors of the Company at the AGM.

Principle 6: Access to Information

To ensure that the Board is equipped to discharge its responsibilities, Management provides the Board with complete, adequate and timely information prior to the Board meetings and on an ongoing basis. To keep the Board apprised of the Group's performance and developments, Management provides Directors with management accounts on a timely basis.

All Directors have separate and independent access to the Group's senior management and the Company Secretary.

The Company Secretary and/or their representative provide secretarial support to the Board, ensures adherence to Board procedures and relevant rules and regulations which are applicable to the Company. The Company Secretary attends all Board and Board Committee meetings. The appointment and removal of the Company Secretary should be 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 three Independent Directors.

Lim Chin Tong, Chairman
Chow Kok Kee
Wu Tak Lung

Although none of the members specializes 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 Board and key executives 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 participate in the Company's Employee Share Option Scheme and the Performance Share Plan 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 executive, 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 senior management's service agreements, to ensure that such agreement contains fair and reasonable termination clauses which are not overly generous.

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 2015 will be S$250,000 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 FY2014. The RC has access to professional advice, if required.

Principle 9: Disclosure on Remuneration

The breakdown of Directors' remuneration for the financial year ended 31 March 2014 is set out below:

	Salary %	Bonus %	Fee %	Benefits* %	Total %
Remuneration Band and Name of Director					
Below S$250,000					
Chow Kok Kee	–	–	100%	–	100%
Lim Chin Tong	–	–	100%	–	100%
Wu Tak Lung	–	–	100%	–	100%
Between S$1,000,000 – S$1,500,000					
Chow Kok Kit	24%	74%	–	2%	100%
Between S$1,500,000 – S$2,000,000					
Tse Chong Hing	23%	76%	–	1%	100%
Hung Kai Wing (Note)	20%	60%	–	20%	100%

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

Note –
Mr Hung Kai Wing retired as an Executive Director of the Company on 27 May 2014.

The remunerations of the top 5 key executives of the Group (who are not Directors) fall within the following bands:

	Salary %	Bonus %	Fee %	Benefits* %	Total %
Remuneration Band and Name of Key Executive					
Below S$250,000					
Ho Yim Hin	83%	16%	–	1%	100%
Huang Jian Yuan	64%	15%	–	21%	100%
Lau Tak Wah	75%	17%	–	8%	100%
Between S$250,000 – S$500,000					
Wong Hing Kwai	15%	85%	–	–	100%
Between S$500,000 – S$750,000					
Loic Meston	42%	47%	–	11%	100%

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

Given the confidentiality and sensitivity of remuneration matters, the Company has not disclosed the exact details of the remuneration of the Directors and key executives. The Company has, however, disclosed the remuneration of the Directors and key executives in bands.

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 Share Option Scheme ("ESOS") and the Performance Share Plan ("PSP") for eligible employees, including Directors of the Company and the Group. Details of ESOS grants and PSP awards are disclosed in the report of the Directors.

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 fulfilment of 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 timely manner and as and when the Board may require 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. Risk Management Committee 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 risk, which could include a combination of hedging through financial instruments, reduction of exposure or limited possible losses through controls.

Based on the internal controls established and maintained by the Group, work performed by the Internal and External Auditors, and the reviews performed by Management and Risk Management Committee, 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 adequate in its current business environment for the financial year ended 31 March 2014.

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.

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

i) The Company's financial records have been properly maintained and the financial statements gave a true and fair view, of the financial condition and operational results of the Company; and
ii) The system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

Principle 12: Audit Committee

The AC is regulated by a set of written terms of reference which clearly sets out its authority and duties. The AC comprises three Independent Directors:

Chow Kok Kee, Chairman
Lim Chin Tong
Wu Tak Lung

The Chairman and the members of the AC are appropriately qualified to discharge their responsibilities. They have financial management expertise or experience.

The operation of the AC is in accordance with written terms of reference 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 the scope and result of the external audit and its cost effectiveness and the independence and objectivity of the External Auditors;
b) to review the financial statements of the Company and the consolidated financial statements of the Group together with the External Auditors' report thereon before submitting the same to the Board of Directors of the Company and shareholders;
c) to report to the Board on the adequacy and effectiveness of the Group's internal controls, including financial, operational and compliance and information technology risks and matters requiring attention of the Board;
d) to evaluate the Group's system of internal controls with the External Auditors and assesses the effectiveness and adequacy of internal accounting and financial control procedures;
e) to review arrangements by which staff of the Group may in confidence, raise concerns about possible improprieties in financial reporting or, other matters;
f) to review Interested Persons Transactions and report its findings to the Board; and
g) to evaluate the independence of the External Auditors and to make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the External Auditors, and to approve their remunerations and terms of engagement.

The Company's External Auditors and Internal Auditors report their findings and recommendations to the AC independently. The AC met with the External Auditors 2 times and with the Internal Auditors 2 times during the year. The AC met with External Auditors and Internal Auditors without the presence of Management in respect of the Group's FY2014 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 the year ended 31 March 2014. The aggregate amount of audit service fees paid to RSM Nelson and RSM Chio Lim for the year ended 31 March 2014 are HK$820,000 and S$63,000 respectively.

The AC recommended to the Board the nomination of RSM Nelson and RSM Chio Lim as External Auditors of the Company to act jointly at the forthcoming AGM. The Company confirms that it had complied with Rule 712 of the SGX-ST Listing Manual.

The Company and its subsidiaries were jointly audited by RSM Nelson and RSM Chio Lim. Accordingly, the Company complied with Rule 715 of the SGX-ST Listing Manual.

During the financial year, the AC reviews 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 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 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.

Principle 13: Internal Audit

The Company's Internal Auditors, PricewaterhouseCoopers, who is 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 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 Company's corporate developments and financial performance, fully compliant with its continuous disclosure obligations prescribed under the 2012 Code and the Listing Manual of the SGX-ST. The Group's policy is that all shareholders should be equally and timely informed of all major developments and events that impact the Group. Information is communicated to our shareholders through:

i) SGXnet and news releases;
ii) Press release on major developments;
iii) Press and analyst briefing for the Group's financial results as well as other briefings, where appropriate;
iv) Quarterly financial statements containing a summary of the financial information and affairs of the Group; and
v) Annual Report/Circulars sent to shareholders and notices of general meeting advertised.

The Company has formalised its 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 dividends, the declaration and payment of dividends being 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 shall 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 operation and cash flows;

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 will continually review 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.

The general meetings are the principal forum for dialogue with shareholders. The Board encourages all shareholders to attend the general meetings and to stay informed of the Company's developments. Shareholders are given opportunity to air their views and direct questions to the Board regarding the Company and the Group. The Company's Bye-laws allows shareholders to appoint proxies to attend and vote on their behalf at general meetings. The Chairmen of the AC, RC and NC and External Auditors are normally present at the general meetings to address shareholders' enquiries.

Resolutions are, as far as possible, structured separately and may be voted on independently.

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.

SECURITIES TRANSACTIONS

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

The Group's "black-out" period is in accordance with that prescribed by the SGX-ST's Listing Rule 1207 (19) in 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 periods 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 and at all times, if in possession of price-sensitive information. 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 dealings in the Company's securities on short-term considerations.

INTERESTED PERSON TRANSACTIONS ("IPTs")

The Company has adopted an internal policy governing procedures for 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 2014 (excluding transactions less than S$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$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)**	
	Year ended 31 March 2014 HK$'000	**Year ended 31 March 2013 HK$'000**
Purchase of goods from Nicecon Limited, which is beneficially owned by the brother of Mr. Chow Kok Kit	**2,343**	2,427

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

MATERIAL CONTRACTS

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).

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 2014.

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
Lim Chin Tong	Independent Director
Wu Tak Lung	Independent Director

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

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

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 2013	At 31 March 2014	At 21 April 2014	At 1 April 2013	At 31 March 2014	At 21 April 2014
Name of Directors	Ordinary shares of HK$0.10 each					
Tse Chong Hing	66,357,192	68,357,192	68,357,192	–	–	–
Chow Kok Kit	62,641,238	64,041,238	64,041,238	–	–	–
Hung Kai Wing (Note)	27,714,737	30,202,237	14,202,237	–	–	–
Chow Kok Kee	50,000	50,000	50,000	–	–	–
Lim Chin Tong	50,000	50,000	50,000	–	–	–
Wu Tak Lung	–	–	–	–	–	–

Note –
Mr Hung Kai Wing retired as an Executive Director of the Company on 27 May 2014.

4. CONTRACTUAL BENEFITS OF DIRECTORS

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

5. SHARE OPTIONS AND AWARDS

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

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.

5. SHARE OPTIONS AND AWARDS (continued)

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

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

Lim Chin Tong (Chairman)
Chow Kok Kee
Wu Tak Lung

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.

During the financial year, 5,500,000 options to subscribe for shares in the Company were granted to the Company's Executive Directors and executives under the ESOS. The Company issued and allotted 8,337,500 new ordinary shares pursuant to the exercise of options and 1,200,000 options were lapsed during the financial year.

As at 31 March 2014, the Company has the following outstanding share options:

Date of grant	Exercise price	Outstanding at 1 April 2013	Granted	Exercised	Lapsed	Outstanding at 31 March 2014
8 July 2008 (Note2)	S$0.215	200,000	–	–	–	200,000
27 August 2008 (Note1)	S$0.144	1,200,000	–	(1,200,000)	–	–
12 August 2009 (Note1)	S$0.105	2,500,000	–	(2,500,000)	–	–
18 August 2010 (Note2)	S$0.184	400,000	–	–	–	400,000
18 August 2010 (Note1)	S$0.150	2,400,000	–	(1,550,000)	–	850,000
4 October 2010 (Note1)	S$0.160	1,150,000	–	(1,100,000)	–	50,000
16 August 2011 (Note1)	S$0.174	4,900,000	–	(1,987,500)	(200,000)	2,712,500
19 July 2012 (Note1)	S$0.201	5,400,000	–	–	(600,000)	4,800,000
15 August 2013 (Note1)	S$0.162	–	5,500,000	–	(400,000)	5,100,000
Total		**18,150,000**	**5,500,000**	**(8,337,500)**	**(1,200,000)**	**14,112,500**

5. SHARE OPTIONS AND AWARDS (continued)

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

Notes:

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

(2) These Market Options were issued at the market price which was equal to the average of the last dealt prices on the Official List of the SGX-ST for the five consecutive Market Days immediately preceding the date of grant of the respective Options.

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

	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
Name of participant				
Tse Chong Hing	–	3,225,000	(2,500,000)	725,000
Chow Kok Kit	–	2,800,000	(1,750,000)	1,050,000
Hung Kai Wing (Note)	2,400,000	8,375,000	(2,837,500)	5,537,500
Chow Kok Kee	–	300,000	–	300,000
Lim Chin Tong	–	300,000	–	300,000
Wu Tak Lung	–	–	–	–
Total	**2,400,000**	**15,000,000**	**(7,087,500)**	**7,912,500**

Note –
Mr Hung Kai Wing retired as an Executive Director of the Company on 27 May 2014.

(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 RC.

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, 700,000 Share Awards were granted to the Company's Executive Directors under the PSP. 140,000 Share Awards were awarded based on achievement of specific performance targets.

As at 31 March 2014, the Company has the following outstanding Share Awards:

Date of grant	Outstanding at 1 April 2013	Granted	Awarded	Lapsed	Outstanding at 31 March 2014
19 July 2012	700,000	–	(140,000)	(560,000)	–
15 August 2013	–	700,000	–	–	700,000
Total	**700,000**	**700,000**	**(140,000)**	**(560,000)**	**700,000**

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

5. SHARE OPTIONS AND AWARDS (continued)

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

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	–	–	–
Hung Kai Wing (Note)	700,000	4,200,000	(140,000)	(560,000)	700,000
Total	**700,000**	**10,225,000**	**(140,000)**	**(560,000)**	**700,000**

Note –
Mr Hung Kai Wing retired as an Executive Director of the Company on 27 May 2014.

6. AUDIT COMMITTEE

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

Chow Kok Kee (Chairman)
Lim Chin Tong
Wu Tak Lung

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

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 and internal auditors have unrestricted access to the AC.

7. AUDITORS

The Directors of the Company, with the concurrence of the AC, propose the re-appointment of RSM Nelson Wheeler, Certified Public Accountants, Hong Kong and RSM Chio Lim LLP to act jointly as external auditors of the Company for the financial year ending 31 March 2015 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 28 May 2014, 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

9 June 2014

STATEMENT BY DIRECTORS

For the financial year ended 31 March 2014

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 28 to 73, 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 2014 and of the results, changes in equity and cash flows of the Group for the financial year then ended; and

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

On behalf of the Board of Directors

TSE CHONG HING
Chairman

CHOW KOK KIT
Executive Director

9 June 2014

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 28 to 73, which comprise the consolidated and the Company statements of financial position as at 31 March 2014, 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 the 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 2014, 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

9 June 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the financial year ended 31 March 2014

	Note	2014 HK$'000	2013 HK$'000
Continuing operations			
Revenue	7	**2,433,272**	2,210,166
Cost of sales		**(2,106,490)**	(1,939,936)
Gross profit		**326,782**	270,230
Other income	8	**12,641**	11,186
Selling and distribution costs		**(38,854)**	(35,257)
Administrative expenses		**(130,134)**	(112,052)
Net other operating loss	9	**(2,796)**	(1,392)
Profit from operations		**167,639**	132,715
Finance costs	10	**(720)**	(1,414)
Profit before tax		**166,919**	131,301
Income tax expense	11	**(19,014)**	(12,866)
Profit for the year from continuing operations		**147,905**	118,435
Discontinued operation			
Loss for the year from discontinued operation	12	**–**	(39,752)
Profit for the year	13	**147,905**	78,683
Attributable to:			
Owners of the Company		**147,905**	78,683
Earnings per share (Hong Kong cents)	16		
From continuing and discontinued operations			
- Basic		**40.6**	21.9
- Diluted		**40.4**	21.8
From continuing operations			
- Basic		**40.6**	32.9
- Diluted		**40.4**	32.8

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2014

	2014 HK$'000	2013 HK$'000
Profit for the year	**147,905**	78,683
Other comprehensive income:		
Item that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**4,574**	1,551
Other comprehensive income for the year, net of tax	**4,574**	1,551
Total comprehensive income for the year	**152,479**	80,234
Attributable to:		
Owners of the Company	**152,479**	80,234

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2014

	Note	The Group 2014 HK$'000	The Group 2013 HK$'000	The Company 2014 HK$'000	The Company 2013 HK$'000
ASSETS					
Non-current assets					
Land use rights	17	**20,941**	20,941	**–**	–
Property, plant and equipment	18	**181,681**	196,454	**–**	–
Goodwill	19	**–**	–	**–**	–
Investments in subsidiaries	20	**–**	–	**83,330**	83,330
Available-for-sale financial assets	21	**11,789**	1,549	**–**	–
Club membership, at cost		**256**	250	**–**	–
Total non-current assets		**214,667**	219,194	**83,330**	83,330
Current assets					
Inventories	22	**198,874**	178,358	**–**	–
Trade receivables	23	**517,213**	481,509	**–**	–
Land use rights	17	**503**	491	**–**	–
Prepayments, deposits and other receivables		**12,340**	8,836	**175**	136
Available-for-sale financial assets	21	**–**	2,476	**–**	–
Due from subsidiaries	20	**–**	–	**209,885**	149,546
Bank and cash balances	24	**477,934**	221,579	**1,646**	416
Total current assets		**1,206,864**	893,249	**211,706**	150,098
Total assets		**1,421,531**	1,112,443	**295,036**	233,428
EQUITY					
Share capital	25	**36,838**	36,004	**36,838**	36,004
Reserves	27	**689,729**	556,223	**257,758**	196,801
Equity attributable to owners of the Company		**726,567**	592,227	**294,596**	232,805
Total equity		**726,567**	592,227	**294,596**	232,805
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	28	**2,627**	3,388	**–**	–
Total non-current liabilities		**2,627**	3,388	**–**	–
Current liabilities					
Trade payables	29	**354,022**	241,375	**–**	–
Accruals, other payables and deposits received	30	**314,060**	264,962	**440**	623
Current tax liabilities		**21,384**	10,416	**–**	–
Derivative financial instruments	31	**2,871**	75	**–**	–
Total current liabilities		**692,337**	516,828	**440**	623
Total liabilities		**694,964**	520,216	**440**	623
Total equity and liabilities		**1,421,531**	1,112,443	**295,036**	233,428
Net current assets		**514,527**	376,421	**211,266**	149,475
Total assets less current liabilities		**729,194**	595,615	**294,596**	232,805

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2014

	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 27(c)(i))	(note 27(c)(iii))	(note 27(c)(iv))	(note 27(c)(v))			
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2012	35,860	90,283	4,411	21,202	1,198	415,421	532,515	568,375
Total comprehensive income for the year	–	–	–	1,551	–	78,683	80,234	80,234
Dividend paid	–	–	–	–	–	(61,022)	(61,022)	(61,022)
Share-based payments	–	–	4,372	–	–	–	4,372	4,372
Transfer to statutory reserve	–	–	–	–	398	(398)	–	–
Issue of shares on exercise of share options (note 26)	35	233	–	–	–	–	233	268
Transfer of share premium upon exercise of share options	–	91	(91)	–	–	–	–	–
Issue of shares for awards granted (note 26)	109	1,260	(1,369)	–	–	–	(109)	–
Lapse of share-based payments	–	–	(674)	–	–	674	–	–
Changes in equity for the year	144	1,584	2,238	1,551	398	17,937	23,708	23,852
At 31 March 2013	36,004	91,867	6,649	22,753	1,596	433,358	556,223	592,227
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	–	–	–	–	–	(29,215)	(29,215)	(29,215)
Share-based payments	–	–	3,937	–	–	–	3,937	3,937
Transfer to statutory reserve	–	–	–	–	865	(865)	–	–
Issue of shares on exercise of share options (note 26)	834	6,480	–	–	–	–	6,480	7,314
Transfer of share premium upon exercise of share options	–	3,664	(3,664)	–	–	–	–	–
Cash settlement for the awards granted	–	–	(175)	–	–	–	(175)	(175)
Lapse of share-based payments	–	–	(1,092)	–	–	1,092	–	–
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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2014

	2014 HK$'000	2013 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**166,919**	131,301
Adjustments for:		
Amortisation of land use rights	**499**	488
Allowances for trade receivables	**–**	1,069
Depreciation expense	**39,175**	43,280
Equity-settled share-based payments	**3,937**	4,372
(Gain)/loss on disposals of property, plant and equipment	**(350)**	202
Cash settlement for the awards granted	**(175)**	–
Fair value loss on derivative financial instruments	**2,796**	75
Interest expense	**–**	447
Interest income	**(1,864)**	(1,058)
Operating profit before working capital changes	**210,937**	180,176
(Increase)/decrease in inventories	**(20,516)**	24,256
(Increase)/decrease in trade receivables	**(35,704)**	12,744
(Increase)/decrease in prepayments, deposits and other receivables	**(4,698)**	1,561
Increase/(decrease) in trade payables	**112,647**	(155,842)
Increase in accruals, other payables and deposits received	**49,098**	29,068
Cash generated from operations	**311,764**	91,963
Income tax paid	**(8,807)**	(18,648)
Interest paid	**–**	(447)
Net cash generated from operating activities of continuing operations	**302,957**	72,868
Net cash used in operating activities of discontinued operation	**–**	(13,683)
Net cash generated from operating activities	**302,957**	59,185
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposals of property, plant and equipment	**409**	11
Purchase of property, plant and equipment	**(20,847)**	(17,937)
Purchase of available-for-sale financial assets	**(10,240)**	(4,025)
Interest received	**1,864**	1,058
Redemption of available-for-sale financial assets	**2,476**	–
Net cash used in investing activities of continuing operations	**(26,338)**	(20,893)
Net cash used in investing activities of discontinued operation	**–**	(237)
Net cash used in investing activities	**(26,338)**	(21,130)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	**(29,215)**	(61,022)
Repayment of bank loan	**–**	(20,000)
Proceeds from shares issued in exercise of share options	**7,314**	268
Net cash used in financing activities	**(21,901)**	(80,754)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**254,718**	(42,699)
Effect of foreign exchange rate changes	**1,637**	548
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	**221,579**	263,730
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	**477,934**	221,579
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	**477,934**	221,579

1. GENERAL INFORMATION

The financial statements of the Company and of the Group for the financial year ended 31 March 2014 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 registered office of the Company is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. 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 20 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 2013. 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 except as stated below.

(a) Amendments to IAS 1 "Presentation of Financial Statements"

Amendments to IAS 1 titled Presentation of Items of Other Comprehensive Income introduce new optional terminology for statement of comprehensive income and income statement that has been applied by the Group. Under the amendments to IAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

The amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 did not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

(b) IFRS 12 "Disclosure of Interests in Other Entities"

IFRS 12 "Disclosure of Interests in Other Entities" specifies the disclosure requirements for subsidiaries, joint arrangements and associates, and introduces new disclosure requirements for unconsolidated structured entities.

The adoption of IFRS 12 only affects the disclosures relating to the Company's subsidiary in the financial statements. IFRS 12 has been applied retrospectively.

(c) IFRS 13 "Fair Value Measurement"

IFRS 13 "Fair Value Measurement" establishes a single source of guidance for all fair value measurements required or permitted by IFRSs. It clarifies the definition of fair value as an exit price, which is defined as a price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under market conditions, and enhances disclosures about fair value measurements.

The adoption of IFRS 13 only affected disclosures on fair value measurements in the consolidated financial statements. IFRS 13 has been applied prospectively.

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

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRSs 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. The Group does not plan to adopt these standards prior to their mandatory effective date.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with 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 the directors to exercise their 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.

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 relating to that subsidiary and any related accumulated translation reserve.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Consolidation (continued)

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) Business combinations and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. There were no acquisitions during the year.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy (v) below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

(c) 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$"), which is the presentation currency of the Company and the functional currency of the major operating subsidiaries of the Group. The directors consider that choosing HK$ 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Foreign currency translation (continued)

(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 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.

(d) Property, plant and equipment

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

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.

Depreciation of property, plant and equipment is calculated at rates appropriate 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 use rights; 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) 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.

(f) Research and development expenditure

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

(g) 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.

(h) 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.

(i) 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.

(j) Discontinued operation

A discontinued operation is a component of the Group, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale in accordance with IFRS 5, if earlier. It also occurs when the operation is abandoned.

When an operation is classified as discontinued, a single amount is presented in the statement of profit or loss, which comprises:

- The post-tax profit or loss of the discontinued operation; and
- The post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) 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.

Investments are classified as either financial assets at fair value through profit or loss or available-for-sale financial assets.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either investments classified as held for trading or designated as at fair value through profit or loss upon initial recognition. These investments are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in profit or loss.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets not classified as trade and other receivables or financial assets at fair value through profit or loss. 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 is 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.

(l) 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.

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.

(m) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) 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.

(o) Derivative financial instruments

Derivatives are initially recognised and subsequently measured at fair value at the end of the reporting period.

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

(p) 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.

(q) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) 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.

(s) 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.

(t) 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 it includes items from previous years that were not deductible or taxable and excludes items of income or expense that are taxable or deductible in other years and it further excludes 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; 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Taxation (continued)

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.

(u) 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.

(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).

(v) Impairment of assets

Intangible assets that have an indefinite useful life or not yet available for use are reviewed annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Impairment of assets (continued)

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 set out in notes 3(b), (h), (k) and (l) 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, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(w) 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.

(x) 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.

(y) 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.

(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.

(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.

(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.

(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 30 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.

5. FINANCIAL RISK MANAGEMENT (continued)

(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.

At 31 March 2014, 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$4,792,000 (2013: HK$3,187,000) higher, arising mainly as a result of the net foreign exchange gain on bank balances, trade receivables, trade payables and other payables denominated in US$. 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$4,792,000 (2013: HK$3,187,000) lower, arising mainly as a result of the net foreign exchange loss on bank balances, trade receivables, trade payables and other payables denominated in US$.

(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 2014, 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$397,000 (2013: HK$201,000) 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$397,000 (2013: HK$201,000) 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 2014, the five largest trade receivables represent approximately 89% (2013: 87%) 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 high credit-ratings assigned by international credit-rating agencies.

5. FINANCIAL RISK MANAGEMENT (continued)

(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.

The maturity analysis 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 2014				
Trade payables	**354,022**	**–**	**–**	**–**
Accruals and other payables	**212,225**	**–**	**–**	**–**
Derivative financial instruments	**2,871**	**–**	**–**	**–**
At 31 March 2013				
Trade payables	241,375	–	–	–
Accruals and other payables	184,980	–	–	–
Derivative financial instruments	75	–	–	–

(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 1.10% to 3.12% (2013: 0.01% to 1.30%) per annum as at 31 March 2014. 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 2014, 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$401,000 (2013: HK$187,000) 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$401,000 (2013: HK$187,000) higher, arising mainly as a result of higher interest income on bank balances.

(f) Categories of financial instruments at 31 March 2014

	2014 HK$'000	2013 HK$'000
Financial assets:		
Loans and receivables (including cash and cash equivalents)	**997,285**	693,541
Available-for-sale financial assets	**11,789**	4,025
Financial liabilities:		
Financial liabilities at amortised cost	**566,247**	426,355
Derivative financial instruments at fair value	**2,871**	75

5. FINANCIAL RISK MANAGEMENT (continued)

(g) Fair values

Except as disclosed in note 21 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 2014:

Description	Fair value measurement using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total 2014 HK$'000
Recurring fair value measurement:				
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**

Description	Fair value measurement using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total 2013 HK$'000
Recurring fair value measurement:				
Available-for-sale financial assets				
Debt investments	4,025	–	–	4,025
Derivative financial instruments	–	(75)	–	(75)
Total recurring fair value measurements	4,025	(75)	–	3,950

(b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 March 2014:

Level 2 fair value measurements

Description	Inputs	Fair value 2014 HK$'000
Derivatives - foreign exchange forward contracts	Forward foreign exchange rate	**2,871**

7. REVENUE

	The Group	
	2014	**2013**
	HK$'000	**HK$'000**
Sales of goods	**2,433,272**	2,242,888
Representing:		
Continuing operations	**2,433,272**	2,210,166
Discontinued operation (note 12)	**–**	32,722
	2,433,272	2,242,888

8. OTHER INCOME

	The Group	
	2014	**2013**
	HK$'000	**HK$'000**
Gain/(loss) on disposals of property, plant and equipment	**350**	(175)
Net exchange gain	**2,574**	1,500
Interest income	**1,864**	1,058
Tooling and rework income	**5,555**	6,252
Sales of scrap materials	**1,816**	1,736
Sundry income	**482**	844
	12,641	11,215
Representing:		
Continuing operations	**12,641**	11,186
Discontinued operation (note 12)	**–**	29
	12,641	11,215

9. NET OTHER OPERATING LOSS

	The Group	
	2014	**2013**
	HK$'000	**HK$'000**
Allowance for trade receivables	–	(1,069)
Fair value loss on derivative financial instruments (note 31)	**(2,796)**	(75)
Termination expenditures (note)	–	(26,636)
Impairment of goodwill	–	(10)
Others	–	(248)
	(2,796)	(28,038)
Representing:		
Continuing operations	**(2,796)**	(1,392)
Discontinued operation (note 12)	–	(26,646)
	(2,796)	(28,038)

Note: Termination expenditures which were related to the expenditures for discontinued operation included the royalties payable to the licensors, severance payments for the affected employees, impairment of the property, plant and equipment and related costs.

10. FINANCE COSTS

	The Group	
	2014	**2013**
	HK$'000	**HK$'000**
Interest on bank loans, bills and bank overdrafts	–	447
Bank charges	**720**	1,018
	720	1,465
Representing:		
Continuing operations	**720**	1,414
Discontinued operation (note 12)	–	51
	720	1,465

11. INCOME TAX EXPENSE

	The Group	
	2014 HK$'000	2013 HK$'000
Current tax - Hong Kong Profits Tax		
Provision for the year	**12,282**	9,776
Current tax – People's Republic of China (the "PRC")		
Provision for the year	**7,493**	4,158
Deferred tax (note 28)	**(761)**	(556)
	19,014	13,378
Representing:		
Continuing operations	**19,014**	12,866
Discontinued operation (note 12)	**–**	512
	19,014	13,378

Hong Kong Profits Tax is provided at 16.5% (2013: 16.5%) based on the 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% (2013: 25%).

Honor Tone Electronics (Hui Yang) Enterprises Limited ("HTE") and Honor Tone Electronics Technology (Anhui) Limited ("HT Anhui") incurred tax loss for the year ended 31 March 2013, and accordingly, no provision for PRC enterprise income tax has been made.

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 2014, the aggregate amount of the temporary differences relating to the undistributed profits of the Group's PRC subsidiaries amounted to approximately HK$7,203,000 (2013: HK$4,955,000). 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	
	2014 HK$'000	2013 HK$'000
Profit before tax	**166,919**	92,061
Tax at the domestic income tax rate of 16.5% (2013: 16.5%)	**27,542**	15,190
Tax effect of expenses that are not deductible	**1,197**	1,518
Tax effect of income that is not taxable	**(217)**	(325)
Tax effect of temporary differences not recognised	**(49)**	471
Tax effect of tax losses not recognised	**–**	5,366
Tax effect of utilisation of tax losses not previously recognised	**(472)**	–
Tax effect of tax concession	**(11,511)**	(8,671)
Effect of different tax rate of subsidiaries operating in other jurisdiction	**2,524**	(171)
Income tax expense	**19,014**	13,378

12. DISCONTINUED OPERATION

On 7 August 2012, the Group announced to terminate the licensing business.

The loss for the financial year ended 31 March 2013 from the discontinued operation is analysed as follows:

	2013 HK$'000
Loss of discontinued operation	(39,752)

The results of the discontinued operation for the financial year ended 31 March 2013, which have been included in the consolidated profit or loss, are as follows:

	2013 HK$'000
Revenue	32,722
Cost of sales	(29,849)
Gross profit	2,873
Other income	29
Selling and distribution costs	(8,433)
Administrative expenses	(7,012)
Net other operating loss	(26,646)
Loss from operations	(39,189)
Finance costs	(51)
Loss before tax	(39,240)
Income tax expense	(512)
Loss for the year	(39,752)

During the financial year ended 31 March 2013, the discontinued operation paid approximately HK$13,683,000 in respect of operating activities and paid approximately HK$237,000 in respect of investing activities.

No tax charge or credit arose on loss of the discontinued operation.

13. PROFIT FOR THE YEAR

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

	The Group	
	2014	**2013**
	HK$'000	**HK$'000**
Depreciation expense	**39,175**	43,923
Directors' remuneration		
As directors - independent directors		
Fee	**1,078**	1,091
For management - executive directors		
Salaries, wages, bonus and allowance	**27,217**	16,932
Retirement benefit scheme contributions	**45**	44
Equity-settled share-based payments	**2,237**	2,843
	30,577	20,910
Key management personnel remuneration (including remuneration of the executive directors)		
Salaries, wages, bonus and allowances	**37,828**	28,718
Retirement benefit scheme contributions	**105**	102
Equity-settled share-based payments	**3,084**	3,846
	41,017	32,666
Auditors' remuneration	**1,336**	1,369
Cost of inventories sold	**1,822,613**	1,715,889
Allowances for trade receivables	**–**	1,069
Impairment on property, plant and equipment	**–**	2,683
Operating lease charges in respect of leasehold land and buildings (including amortisation of land use rights)	**4,094**	3,255
Staff costs excluding directors' emoluments		
Salaries, wages, bonus and allowances	**246,678**	228,753
Retirement benefit scheme contributions	**10,719**	7,588
Equity-settled share-based payments	**1,700**	1,529
	259,097	237,870

14. 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$1,250 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.

15. DIVIDENDS

	The Group and the Company	
	2014	**2013**
	HK$'000	**HK$'000**
Proposed but not recognised as liabilities as at 31 March	**73,675**	28,803

On 27 May 2014, a final dividend of HK$0.16 (2013: HK$0.08) and a special dividend of HK$0.04 (2013: HK$Nil) were proposed by the Company to its shareholders in respect of the financial year ended 31 March 2014 (note 39). The proposed dividend is not recognised as liabilities at 31 March 2014 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 2014, final dividend of HK$0.08 per share was paid in respect of the previous financial year.

16. EARNINGS PER SHARE

(a) From continuing and discontinued operations

Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of HK$147,905,000 (2013: HK$78,683,000) and the weighted average number of ordinary shares of 364,056,832 (2013: 359,443,973) in issue during the year.

Diluted earnings per share

The calculation of diluted earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of HK$147,905,000 (2013: HK$78,683,000) and the weighted average number of ordinary shares of 366,344,854 (2013: 361,021,663), being the weighted average number of ordinary shares of 364,056,832 (2013: 359,443,973) in issue during the year used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 2,288,022 (2013: 1,577,690) assumed to have been issued at no consideration on the deemed exercise of the share options outstanding at the end of the reporting period.

(b) From continuing operations

Basic earnings per share

The calculation of basic earnings per share from continuing operations attributable to owners of the Company is based on the profit for the year from continuing operations attributable to owners of the Company of HK$147,905,000 (2013: HK$118,435,000) and the denominator used is the same as that detailed above for basic earnings per share.

Diluted earnings per share

The calculation of diluted earnings per share from continuing operations attributable to owners of the Company is based on the profit for the year from continuing operations attributable to owners of the Company of HK$147,905,000 (2013: HK$118,435,000) and the denominator used is the same as that detailed above for diluted earnings per share.

(c) From discontinued operation

Basic loss per share from the discontinued operation for the year ended 31 March 2013 is Hong Kong cents 11.0 per share and diluted loss per share from the discontinued operation for the year ended 31 March 2013 is Hong Kong cents 11.0 per share, based on the loss for the year ended 31 March 2013 from discontinued operation attributable to owners of the Company of HK$39,752,000 and the denominators used are the same as those detailed above for both basic and diluted earnings per share.

17. LAND USE RIGHTS

	The Group HK$'000
Cost	
At 1 April 2012	24,363
Exchange differences	196
At 31 March 2013 and 1 April 2013	24,559
Exchange differences	590
At 31 March 2014	25,149
Accumulated amortisation	
At 1 April 2012	2,615
Charge for the year	488
Exchange differences	24
At 31 March 2013 and 1 April 2013	3,127
Charge for the year	499
Exchange differences	79
At 31 March 2014	3,705
Carrying amount	
At 31 March 2014	21,444
At 31 March 2013	21,432

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	
	2014 HK$'000	**2013 HK$'000**
Carrying amount	**21,444**	21,432
Less: Amount to be amortised within one year (shown under current assets)	**(503)**	(491)
Amount to be amortised after one year	**20,941**	20,941

18. 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 2012	124,830	231,274	7,292	44,535	12,936	3,459	424,326
Additions	–	18,563	215	520	616	201	20,115
Disposals	–	(992)	(633)	(721)	(17)	(185)	(2,548)
Exchange differences	947	83	1	1	–	10	1,042
At 31 March 2013 and 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	128,617	267,929	3,935	44,993	14,207	3,512	463,193
Accumulated depreciation and impairment							
At 1 April 2012	16,210	142,842	6,805	22,718	10,942	2,120	201,637
Charge for the year	4,929	31,304	393	5,390	1,238	669	43,923
Impairment loss	–	2,647	20	–	16	–	2,683
Disposals	–	(897)	(586)	(301)	(6)	(185)	(1,975)
Exchange differences	153	51	1	–	–	8	213
At 31 March 2013 and 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	26,845	202,674	3,762	32,422	12,842	2,967	281,512
Carrying amount							
At 31 March 2014	101,772	65,255	173	12,571	1,365	545	181,681
At 31 March 2013	104,485	72,981	242	16,528	1,345	873	196,454

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

	The Group	
	2014 HK$'000	2013 HK$'000
Hong Kong	**4,219**	4,349

The Group's licensing business discontinued during the financial year ended 31 March 2013. The property, plant and equipment under the licensing business with carrying amount of approximately HK$2,683,000 have no recoverable amount and impairment loss of same amount has been recognised during the financial year ended 31 March 2013.

19. GOODWILL

	The Group HK$'000
Cost	
At 1 April 2012, 31 March 2013, 1 April 2013 and 31 March 2014	4,030
Accumulated impairment losses	
At 1 April 2012	4,020
Impairment loss for the year	10
At 31 March 2013, 1 April 2013 and 31 March 2014	4,030
Carrying amount	
At 31 March 2014	–
At 31 March 2013	–

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGUs") that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	The Group	
	2014 HK$'000	2013 HK$'000
Medical instrument unit of consumer electronics products ("Consumer Electronics") segment	**4,020**	4,020
Licensing business unit of licensing segment	**10**	10
	4,030	4,030

20. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2014 HK$'000	2013 HK$'000
Unquoted investments, at cost	**83,330**	83,330

The amounts due from subsidiaries amounting to HK$209,885,000 (2013: HK$149,546,000) are non-trade in nature, unsecured, interest-free and repayable on demand.

20. INVESTMENTS IN SUBSIDIARIES (continued)

Particulars of the subsidiaries as at 31 March 2014 are as follows:

Name	Date and place of incorporation/ establishment	Group's effective equity interest 2014	Group's effective equity interest 2013	Paid-up share/ registered capital 2014	Paid-up share/ registered capital 2013	Principal activities
Directly held:						
Value Creation Enterprises Limited*	12 April 2001 British Virgin Islands	**100%**	100%	**US$16,667**	US$16,667	Investment holding
Indirectly held:						
Maxhall Ltd. *	12 July 2000 British Virgin Islands	**100%**	100%	**US$1**	US$1	Investment holding
Mighty Resources Inc. *	27 October 2003 British Virgin Islands	**100%**	100%	**US$1**	US$1	Investment holding
Honor Tone Limited **	19 March 1992 Hong Kong	**100%**	100%	**HK$6,000,000**	HK$5,487,804	Electronics manufacturing
Value Chain Limited **	15 November 1999 Hong Kong	**100%**	100%	**HK$3,000,000**	HK$3,000,000	Investment holding
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
HT Anhui	3 November 2010 PRC	**N/A (Note (c))**	100%	**N/A**	HK$500,000	Liquidated on 3 July 2013

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.

(c) HT Anhui was established as a wholly foreign-owned enterprise in the PRC on 3 November 2010 with an operation period of 20 years commencing from 3 November 2010. HT Anhui was liquidated on 3 July 2013.

* 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 2014 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.

As at 31 March 2014, the bank and cash balances of the Group' subsidiaries in the PRC denominated in RMB amounted to approximately HK$31,139,000 (2013: HK$30,395,000). 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.

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group	
	2014 HK$'000	2013 HK$'000
Debenture, at fair value	**7,949**	4,025
Unquoted cash managed trust, at cost	**3,840**	–
	11,789	4,025
Analysed as:		
Current assets	**–**	2,476
Non-current assets	**11,789**	1,549
	11,789	4,025

The fair values of debenture are based on current bid prices. Unquoted cash managed trust with carrying amount of approximately 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.

22. INVENTORIES

	The Group	
	2014 HK$'000	2013 HK$'000
Raw materials	**94,570**	82,965
Work in progress	**47,870**	51,385
Finished goods	**56,434**	44,008
	198,874	178,358

23. TRADE RECEIVABLES

	The Group	
	2014 HK$'000	2013 HK$'000
Trade receivables	**517,213**	481,509

As at 31 March 2014, an allowance was made for estimated irrecoverable trade receivables of approximately HK$1,069,000 (2013: HK$1,069,000).

The movement of allowance for receivables is as follows:

	The Group	
	2014 HK$'000	2013 HK$'000
At 1 April	**1,069**	–
Allowance for the year	**–**	1,069
At 31 March	**1,069**	1,069

23. TRADE RECEIVABLES (continued)

As of 31 March 2014, trade receivables of approximately HK$11,477,000 (2013: HK$90,294,000) 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	
	2014	2013
	HK$'000	HK$'000
Up to 3 months	**11,477**	88,407
3 to 6 months	**–**	1,887
	11,477	90,294

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

	The Group	
	2014	2013
	HK$'000	HK$'000
US$	**463,328**	432,367
RMB	**53,885**	48,476
HK$	**–**	666
	517,213	481,509

24. 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	
	2014	2013	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000
US$	**407,498**	176,075	**124**	7
RMB	**64,874**	35,742	**–**	–
HK$	**3,286**	9,371	**66**	127
Singapore dollars ("S$")	**2,159**	361	**1,456**	282
Japanese Yen ("JPY")	**117**	30	**–**	–
	477,934	221,579	**1,646**	416

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.

25. SHARE CAPITAL

	Number of shares	Amount HK$'000
Authorised		
Ordinary shares of HK$0.1 each		
At 1 April 2012, 31 March 2013, 1 April 2013 and 31 March 2014	**1,900,000,000**	190,000
Issued and fully paid		
Ordinary shares of HK$0.1 each		
At 1 April 2012	**358,600,000**	35,860
Issue of shares under Valuetronics Employee Share Option Scheme (the "ESOS") (note)	**350,000**	35
Issue of shares under Valuetronics Performance Share Plan (the "PSP")	**1,088,750**	109
At 31 March 2013 and 1 April 2013	**360,038,750**	36,004
Issue of shares under ESOS (note)	**8,337,500**	834
At 31 March 2014	**368,376,250**	36,838

Note: During the financial year ended 31 March 2014, 8,337,500 (2013: 350,000) ordinary shares of HK$0.1 each were issued in relation to share options exercised by the confirmed employees of the Group under the ESOS at S$0.105, S$0.144, S$0.150, S$0.160 and S$0.174 (2013: S$0.105 and S$0.175) for a total cash consideration of S$1,189,625 (2013: S$43,750). The excess of the subscription consideration received over the nominal values issued, amounted to S$1,053,945 (2013: S$38,031) which is equivalent to approximately HK$6,480,000 (2013: HK$233,000), being 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 (2013: 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 2014, 50% (2013: 50%) of the shares were in public hands.

26. SHARE-BASED PAYMENTS

The Company has share incentive plans for its employees, namely ESOS and 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.

26. 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
2009E	27 August 2008	28 August 2010	28 August 2011 to 27 August 2018	S$0.144	1,200,000
2010A	12 August 2009	13 August 2011	13 August 2011 to 12 August 2019	S$0.105	1,450,000
2010B	12 August 2009	13 August 2011	13 August 2012 to 12 August 2019	S$0.105	1,300,000
2011A	18 August 2010	19 August 2011	19 August 2011 to 18 August 2020	S$0.184	600,000
2011B	18 August 2010	19 August 2012	19 August 2012 to 18 August 2020	S$0.150	1,200,000
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
2011E	4 October 2010	5 October 2012	5 October 2013 to 4 October 2020	S$0.160	400,000
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

26. 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:

	2014		2013	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
		S$		S$
Outstanding at the beginning of the year	**18,150,000**	**0.167**	13,100,000	0.152
Granted during the year	**5,500,000**	**0.162**	5,400,000	0.201
Exercised during the year	**(8,337,500)**	**0.143**	(350,000)	0.125
Lapsed during the year	**(1,200,000)**	**0.184**	–	–
Outstanding at the end of the year	**14,112,500**	**0.178**	18,150,000	0.167
Exercisable at the end of the year	**2,112,500**	**0.170**	6,250,000	0.136

The weighted average share price at the date of exercise for Options exercised during the year was S$0.236. The Options outstanding at the end of the year have a weighted average remaining contractual life of 8.3 years (2013: 7.9 years) and the exercise price ranged from S$0.150 to S$0.215 (2013: S$0.105 to S$0.215). During the financial year ended 31 March 2014, Options were granted on 15 August 2013 and the estimated fair value of the Options on that date is S$555,901. During the financial year ended 31 March 2013, Options were granted on 19 July 2012 and the estimated fair value of the Options granted on that date is S$571,764.

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:

	2014A, 2014B, 2014C and 2014D	2013A and 2013B
Weighted average share price	S$0.202	S$0.243
Exercise price	S$0.162	S$0.201
Expected volatility	62.15%	67.13%
Expected life	10 years	10 years
Risk free rate	2.43%	1.36%
Expected dividend yield	6.27%	8.92%

26. 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
2013A	19 July 2012	19 July 2012 to 19 July 2013	140,000
2013B #	19 July 2012	19 July 2012 to 19 July 2013	560,000
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

Lapsed during the year ended 31 March 2014

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 PSP Committee in the period subsequent to the vesting period.

26. SHARE-BASED PAYMENTS (continued)

(b) Equity-settled PSP (continued)

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

	Number of Award	
	2014	**2013**
Outstanding at the beginning of the year	**700,000**	1,625,000
Granted during the year	**700,000**	700,000
Issued of shares/Awarded during the year	**(140,000)**	(1,088,750)
Lapsed during the year	**(560,000)**	(536,250)
Outstanding at the end of the year	**700,000**	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. During the financial year ended 31 March 2013, Awards were granted on 19 July 2012 and the estimated fair value of the Awards granted on that date is S$148,437.

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	**2013A**
Weighted average share price	**S$0.202**	S$0.243
Expected volatility	**26.48%**	42.24%
Expected life	**1 year**	1 year
Risk free rate	**0.28%**	0.24%
Expected dividend yield	**6.27%**	8.92%

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.

27. 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 27(c)(i)) HK$'000	Contributed surplus (note 27(c)(ii)) HK$'000	Share-based payment reserve (note 27(c)(iii)) HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 April 2012	90,283	67,239	4,411	69,480	231,413
Profit for the year	–	–	–	21,914	21,914
Dividend paid	–	–	–	(61,022)	(61,022)
Share-based payments	–	–	4,372	–	4,372
Issue of shares on exercise of share options	233	–	–	–	233
Transfer of share premium upon exercise of share options	91	–	(91)	–	–
Issue of shares for awards granted	1,260	–	(1,369)	–	(109)
Lapse of share-based payments	–	–	(674)	674	–
At 31 March 2013	91,867	67,239	6,649	31,046	196,801
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)
Share-based payments	–	–	3,937	–	3,937
Issue of shares on exercise of share options	6,480	–	–	–	6,480
Transfer of share premium upon exercise of share options	3,664	–	(3,664)	–	–
Cash settlement for the awards granted	–	–	(175)	–	(175)
Lapse of share-based payments	–	–	(1,092)	1,092	–
At 31 March 2014	102,011	67,239	5,655	82,853	257,758

27. RESERVES (continued)

(c) Nature and purpose of reserves

(i) Share premium account

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 sets 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(r) 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(c)(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.

28. DEFERRED TAX LIABILITIES

The following are the deferred tax liabilities/(assets) recognised by the Group:

The Group	Accelerated tax depreciation HK$'000	Tax loss HK$'000	Total HK$'000
At 1 April 2012	4,456	(512)	3,944
(Credit)/charge to profit or loss for the year (note 11)	(1,068)	512	(556)
At 31 March 2013 and 1 April 2013	3,388	–	3,388
Credit to profit or loss for the year (note 11)	(761)	–	(761)
At 31 March 2014	2,627	–	2,627

The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes.

	The Group	
	2014 HK$'000	2013 HK$'000
Deferred tax liabilities	**2,627**	3,388

At the end of the reporting period the Group has unused tax losses of approximately HK$44,723,000 (2013: HK$47,585,000) 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.

29. TRADE PAYABLES

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

	The Group	
	2014 HK$'000	2013 HK$'000
US$	**231,799**	138,208
RMB	**21,276**	14,452
HK$	**100,086**	87,383
JPY	**48**	236
Others	**813**	1,096
	354,022	241,375

30. ACCRUALS, OTHER PAYABLES AND DEPOSITS RECEIVED

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Accruals and other payables	**168,465**	149,714	**440**	623
Deposits received	**58,254**	45,131	**–**	–
Staff bonus payable	**23,035**	24,943	**–**	–
Bonus payable to directors	**20,725**	10,323	**–**	–
Provision for sales warranties	**24,722**	20,738	**–**	–
Provision for claims from customers	**18,859**	14,113	**–**	–
	314,060	264,962	**440**	623

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 2012	17,808	11,335	29,143
Charge for the year	13,553	5,512	19,065
Reversal for the year	(23)	(188)	(211)
Realised during the year	(10,600)	(2,546)	(13,146)
At 31 March 2013 and 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	24,722	18,859	43,581

31. DERIVATIVE FINANCIAL INSTRUMENTS

	The Group	
	2014	2013
	HK$'000	HK$'000
Foreign exchange forward contracts	**2,871**	75

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	
	2014	2013
	HK$'000	HK$'000
Foreign exchange forward contracts - US$	**294,500**	131,750

At 31 March 2014, the fair value liability of the Group's foreign exchange forward contracts is estimated to be approximately HK$2,871,000 (2013: HK$75,000). The fair value loss on derivative financial instruments for the financial year ended 31 March 2014 amounted to approximately HK$2,796,000 (2013: HK$75,000) (note 9).

32. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

Additions to property, plant and equipment during the year of HK$1,194,000 (2013: HK$1,915,000) were prepaid in 2013 and recorded under prepayments, deposits and other receivables.

33. BANKING FACILITIES

At 31 March 2014 and 2013, the banking facilities of the Group were secured by corporate guarantees executed by the Company and two subsidiaries of the Group.

34. CONTINGENT LIABILITIES

At 31 March 2014 and 2013, the Group and the Company did not have any significant contingent liabilities.

35. CAPITAL COMMITMENTS

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

	The Group	
	2014	2013
	HK$'000	HK$'000
Contracted but not provided for:		
Acquisition of property, plant and equipment	**3,287**	749

36. LEASE COMMITMENTS

At 31 March 2014, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2014	**2013**
	HK$'000	**HK$'000**
Within one year	**1,359**	1,059
In the second to fifth years inclusive	**551**	–
	1,910	1,059

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.

37. 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	
	2014	**2013**
	HK$'000	**HK$'000**
Purchases of goods from:		
Nicecon Limited	**2,343**	2,427
Technical consulting services fee paid to:		
Concord Building Company Limited	**–**	360

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

	The Group	
	2014	**2013**
	HK$'000	**HK$'000**
Trade payables to:		
Nicecon Limited	**554**	674

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 2013 are disclosed in note 13 to the financial statements.

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

Concord Building Company Limited is beneficially owned by the brother of Mr. Tse Chong Hing.

38. 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 and deferred tax assets.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

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 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

38. SEGMENT INFORMATION (continued)

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

	Consumer Electronics HK$'000	Industrial and Commercial Electronics HK$'000	(Discontinued operation) Licensing HK$'000	Total HK$'000
Year ended 31 March 2013				
Segment revenue	1,608,174	628,802	32,722	2,269,698
Intersegment revenue	(26,810)	–	–	(26,810)
Revenue from external customers	1,581,364	628,802	32,722	2,242,888
Segment profit/(loss)	154,323	108,124	(38,635)	223,812
As at 31 March 2013				
Segment assets	382,942	88,563	10,004	481,509
Segment liabilities	61,326	35,164	63,504	159,994

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

	2014 HK$'000	2013 HK$'000
Revenue		
Total revenue of reportable segments	**2,433,272**	2,242,888
Elimination of discontinued operation	**–**	(32,722)
Consolidated revenue	**2,433,272**	2,210,166
Profit or loss		
Total profit or loss of reportable segments	**311,275**	223,812
Unallocated corporate expenses	**(163,370)**	(145,129)
Elimination of discontinued operation	**–**	39,752
Consolidated profit for the year from continuing operations	**147,905**	118,435
Assets		
Total assets of reportable segments	**517,213**	481,509
Club membership	**256**	250
Unallocated corporate assets	**904,062**	630,684
Consolidated total assets	**1,421,531**	1,112,443

38. SEGMENT INFORMATION (continued)

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

	2014 HK$'000	2013 HK$'000
Liabilities		
Total liabilities of reportable segments	**147,551**	159,994
Deferred tax liabilities	**2,627**	3,388
Unallocated corporate liabilities	**544,786**	356,834
Consolidated total liabilities	**694,964**	520,216
Other material items		
Depreciation and amortisation	**39,674**	44,411
Additions of property, plant and equipment	**22,041**	20,115

Geographical information:

	Revenue		Non–current assets	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
United States of America	**986,252**	855,380	**–**	–
PRC	**655,231**	705,524	**202,878**	217,645
Netherlands	**248,093**	325,112	**–**	–
Canada	**102,358**	96,135	**–**	–
Other countries	**441,338**	260,737	**–**	–
Consolidated total	**2,433,272**	2,242,888	**202,878**	217,645

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 2014, the Group's external revenue amounting to approximately HK$1,540 million (2013: HK$1,466 million) was generated from two (2013: 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.

39. EVENTS AFTER THE REPORTING PERIOD

On 27 May 2014, a final dividend of approximately HK$0.16 and a special dividend of approximately HK$0.04 were proposed by the Company to its shareholders in respect of the financial year ended 31 March 2014 (note 15).

SHAREHOLDERS' INFORMATION

As at 13 June 2014

Authorised share capital	:	HK$190,000,000
Issued and fully paid-up capital	:	HK$36,897,625
Number of shares issued	:	368,976,250 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 – 999	6	0.35	3,771	0.00
1,000 – 10,000	615	36.18	4,176,912	1.13
10,001 – 1,000,000	1,047	61.59	70,245,000	19.04
1,000,001 and above	32	1.88	294,550,567	79.83
	1,700	100.00	368,976,250	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	Tse Chong Hing	68,357,192	18.53
2.	Chow Kok Kit	64,041,238	17.36
3.	HSBC (Singapore) Nominees Pte Ltd	28,724,000	7.79
4.	CIMB Securities (Singapore) Pte Ltd	16,029,000	4.34
5.	Citibank Nominees Singapore Pte Ltd	15,106,000	4.09
6.	UOB Kay Hian Pte Ltd	14,604,773	3.96
7.	Hung Kai Wing	14,202,237	3.85
8.	DBS Nominees Pte Ltd	14,023,000	3.80
9.	OCBC Securities Private Ltd	8,225,000	2.23
10.	Phillip Securities Pte Ltd	6,030,000	1.63
11.	DBS Vickers Securities (S) Pte Ltd	4,723,692	1.28
12.	Raffles Nominees (Pte) Ltd	4,000,000	1.08
13.	Ho Yam Hin	3,439,935	0.93
14.	See Lop Fu James	3,400,000	0.92
15.	United Overseas Bank Nominees Pte Ltd	2,875,000	0.78
16.	Hong Leong Finance Nominees Pte Ltd	2,790,000	0.76
17.	Maybank Nominees (S) Pte Ltd	2,500,000	0.68
18.	Lim & Tan Securities Pte Ltd	2,177,000	0.59
19.	DB Nominees (S) Pte Ltd	2,117,000	0.57
20.	Tsui Sung Lam	1,900,000	0.52
		279,265,067	75.69

SHAREHOLDERS' INFORMATION

As at 13 June 2014

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name	Direct Interest	%	Deemed Interest	%
Tse Chong Hing	68,357,192	18.53	–	–
Chow Kok Kit	64,041,238	17.36	–	–
Elite Fund – PYN Fund Management Ltd.	21,555,000	5.84	–	–

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

58.09% 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 The Ritz-Carlton, Millenia Singapore, Millenia 3, Level 2, 7 Raffles Avenue, Singapore 039799 on Tuesday, 22 July 2014 at 10.00 am for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the financial year ended 31 March 2014 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 2014 (2013: Final dividend of HK8.0 cents per ordinary share). **(Resolution 2)**

3. To note the retirement of the following Directors pursuant to Bye-law 104 of the Company's Bye-laws:

   Lim Chin Tong
   Wu Tak Lung

   [See Explanatory Note (i)]

4. To approve the payment of Directors' fees of S$250,000 for the year ending 31 March 2015, to be paid quarterly in arrears at the end of each calendar quarter (2014: S$176,000).
   [See Explanatory Note (ii)] **(Resolution 3)**

5. To re-appoint RSM Nelson Wheeler, Certified Public Accountants, Hong Kong and RSM Chio Lim LLP, Public Accountants and Chartered Accountants, Singapore as auditors of the Company to act jointly and to authorise the Directors to fix their remuneration. **(Resolution 4)**

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

AS SPECIAL BUSINESS

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

7. To approve the appointments of the following Directors pursuant to Bye-law 107(A) of the Company's Bye-Laws:

   Tan Siok Chin as a Non-Executive Director **(Resolution 5)**
   Ong Tiew Siam as an Independent Director **(Resolution 6)**

   [See Explanatory Note (i)]

8. **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 to such persons as the Directors may, in their absolute discretion, deem fit 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 issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, 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 issued shares (excluding treasury shares) in the Company;

(b) 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) shall be based on the total number of issued shares (excluding treasury shares) 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) And that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting 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 (iii)] **(Resolution 7)**

9. **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 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 in the capital of the Company 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.
[See Explanatory Note (iv)] **(Resolution 8)**

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

THAT:

(1) the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire from time to time issued Shares not exceeding in aggregate the Prescribed Limit (as defined below), at such price(s) as may be determined by the Directors at their discretion up to the Maximum Price (as defined below), whether by way of:

(a) market purchase(s) (each a "**Market Purchase**") on the SGX-ST; and/or

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

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

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

(a) the date on which the next annual general meeting of the Company is held; 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.

In this Resolution:

"**Prescribed Limit**" means 10% of the issued share 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 (1) 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 (2) 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, 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.
[See Explanatory Note (v)] **(Resolution 9)**

By Order of the Board

Hazel Chia Luang Chew
Company Secretary

Singapore, 4 July 2014

Explanatory Notes:

(i) As part of the Board renewal process, the Board has accepted the recommendation of the Nominating Committee on the appointments of Ms Tan Siok Chin as a Non-Executive Director and Mr Ong Tiew Siam as an Independent Director in place of Mr Lim Chin Tong and Mr Wu Tak Lung who will step down as Independent Directors on 22 July 2014 after the conclusion of the Annual General Meeting. The profile of Ms Tan and Mr Ong are found on page 10 of the Annual Report.

Following the retirement of Mr Lim Chin Tong as an Independent Director of the Company, he will cease to be Chairman of the Remuneration Committee and members of the Audit Committee and Nominating Committee.

Following the retirement of Mr Wu Tak Lung as an Independent Director of the Company, he will cease to be Chairman of the Nominating Committee and members of the Audit Committee and Remuneration Committee.

(ii) Directors' fees of S$250,000 for the year ending 31 March 2015, 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) The Ordinary Resolution 7 proposed in item 8 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding fifty 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.

(iv) The Ordinary Resolution 8 proposed in item 9 above, if passed, will empower the Directors, to allot and issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time pursuant to the exercise of the options under the Scheme.

(v) The Ordinary Resolution 9 proposed in item 10 above, if passed, will empower the Directors from the date of the above Meeting until the next Annual General Meeting to repurchase Shares of the Company by way of Market Purchases or Off-Market Purchases of up to 10% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price. Information relating to this proposed Resolution is set out in the Circular dated 4 July 2014.

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.

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