VALUETRONICS HOLDINGS LIMITED

(Incorporated in Bermuda)
(Co. Regn. No. 38813)

MINUTES OF ANNUAL GENERAL MEETING

PLACE	:	Level 3, Venus Room I & II, Furama RiverFront, Singapore, 405 Havelock Road, Singapore 169633
DATE	:	Monday, 17 July 2023
TIME	:	10:00 am
PRESENT	:	As per Attendance List maintained by the Company.
IN ATTENDANCE/ BY INVITATION	:	As per Attendance List maintained by the Company.
CHAIRMAN	:	Mr Tse Chong Hing

QUORUM

As a quorum was present, the Chairman declared the meeting open after the Chief Financial Officer presented an overview of the Group's financial results for the financial year ended 31 March 2023.

INTRODUCTION

The Chairman introduced the Directors (namely, Mr Chow Kok Kit, Ms Tan Siok Chin, Mr Loo Cheng Guan and Mr Liu Chung Mun Wilson), the Chief Financial Officer, Mr Lui Ka Ho Joseph and the Company's Auditor, Ms Yong Zen Yun from PricewaterhouseCoopers LLP present. The Company Secretary and representatives from the Company's Share Transfer Agent and Scrutineer for the meeting were also present at the meeting.

The Chairman informed shareholders that Ms Tan Siok Chin had notified the Company of her decision to retire as Lead Independent Director on 21 July 2023, being the 9th anniversary of her tenure as an Independent Non-Executive Director of the Company. Following her retirement from the Company, she would cease to be the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee.

On behalf of the Board, the Chairman expressed his heartfelt gratitude and appreciation for Ms Tan's invaluable contributions and guidance during her tenure as Independent Non-Executive Director of the Company.

NOTICE

The Notice convening the meeting was agreed to be taken as read.

VOTING BY WAY OF POLL

Shareholders were informed that all motions tabled at the meeting will be voted on by way of poll pursuant to Bye-Law 73(A) of the Company's Bye-Laws. Complete Corporate Services Pte. Ltd. had been appointed as Scrutineer for the purpose of the poll.

The Chairman directed that the poll on each motion be taken after all the motions had been formally proposed and seconded and, shareholders' questions on the resolutions had been attended to by the Chairman and Management.

QUESTIONS FROM SHAREHOLDERS PRIOR TO THE MEETING

Shareholders were informed that the Company had on 12 July 2023 published its response to questions received from shareholders, in advance, by the prescribed cut-off time of 10:00 am on 7 July 2023, via SGXNet and on the Company's website.

The Chairman then proceeded with the ordinary business of the meeting.

ORDINARY BUSINESS:

REPORT OF DIRECTORS, AUDITED FINANCIAL STATEMENTS AND AUDITORS' REPORT – RESOLUTION 1

The Chairman proposed the following motion which was seconded by Ms Tew Jia Ern –

> "That the Report of the Directors and the Audited Financial Statements of the Company for the financial year ended 31 March 2023 together with the Auditors' Report thereon be received and adopted."

The Chairman invited questions from shareholders. Questions raised by shareholders and the Chairman/Management's response are set out in **Appendix 1**, attached to these Minutes.

FINAL & SPECIAL DIVIDENDS – RESOLUTION 2

The Directors had recommended the payment of a final dividend of HK10 cents per share and a special dividend of HK6 cents per share, tax not applicable, for the financial year ended 31 March 2023. If approved, the dividend would be paid on 22 August 2023.

The following motion was proposed by the Chairman and seconded by Mr Ho Kum Wing Eddie –

> "That the payment of a final dividend of HK10 cents per share and a special dividend of HK6 cents per share, tax not applicable, for the financial year ended 31 March 2023 be approved."

DIRECTORATE – RESOLUTION 3

Mr Chow Kok Kit, who was retiring by rotation under the Company's Bye-Laws, had consented to continue in office and will remain as Executive Director.

The Chairman proposed –

> "That Mr Chow Kok Kit be re-elected a Director of the Company."

The motion for Mr Chow's re-election was seconded by Mr Ho Kum Wing Eddie.

It was noted that Mr Chow Kok Kit would voluntarily abstain from voting on this resolution.

DIRECTORATE – RESOLUTION 4

Resolution 4 dealt with the re-election of Mr Liu Chung Mun Wilson, who was retiring under Bye-Law 107(B) of the Company's Bye-Laws, as a Director of the Company. Mr Liu had consented to remain in office and would, upon re-election, remain as Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. He is considered independent for the purposes of Rule 210(5)(d) and Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

The Chairman proposed –

> "That Mr Liu Chung Mun Wilson be re-elected a Director of the Company."

The motion was seconded by Ms Tew Jia Ern.

DIRECTORS' FEES – RESOLUTION 5

The Board had recommended the payment of up to S$300,000 as Directors' fees for the financial year ending 31 March 2024, to be paid quarterly in arrears.

The Chairman proposed -

> "That the payment of Directors' fees of up to S$300,000 for the financial year ending 31 March 2024 be approved and be paid quarterly in arrears at the end of each calendar quarter."

The motion was seconded by Mr Manohar P. Sabnani.

RE-APPOINTMENT OF AUDITORS – RESOLUTION 6

Shareholders were informed that the retiring auditors, PricewaterhouseCoopers LLP, had expressed their willingness to continue in office.

There being no other nomination, the Chairman proposed the following motion which was seconded by Ms Tew Jia Ern -

> "That PricewaterhouseCoopers LLP be re-appointed the Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company and the Directors be authorised to fix their remuneration."

ANY OTHER ORDINARY BUSINESS

As no notice of any other ordinary business has been received by the Secretary, the Chairman proceeded to deal with the special business of the meeting.

SPECIAL BUSINESS:

AUTHORITY TO ISSUE SHARES – RESOLUTION 7

The Chairman proposed the motion to approve Resolution 7 to empower the Directors to issue shares in the capital of the Company pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

The Chairman's proposal for Resolution 7, the text of which was set out under item 7 in the Notice of this Meeting dated 30 June 2023, was seconded by Ms Tew Jia Ern.

The Chairman invited questions from shareholders. Questions raised by shareholders and the Chairman/Management's response are set out in **Appendix 1**, attached to these Minutes.

AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE VALUETRONICS EMPLOYEES SHARE OPTION SCHEME AND THE VALUETRONICS PERFORMANCE SHARE PLAN – RESOLUTION 8

Shareholders were asked to approve an Ordinary Resolution to empower Directors to allot and issue shares in the capital of the Company pursuant to exercise of options under the Valuetronics Employees Share Option Scheme and vesting of awards under the Valuetronics Performance Share Plan.

The Chairman proposed and Mr Ho Kum Wing Eddie seconded the motion to approve Resolution 8, the text of which was set out under item 8 in the Notice of this Meeting dated 30 June 2023.

There were no questions on Resolution 8.

RENEWAL OF SHARE BUYBACK MANDATE – RESOLUTION 9

The last item on the Agenda was to seek shareholders' approval on the proposed renewal of the Share Buyback Mandate to enable the Company to purchase or otherwise acquire fully paid issued ordinary shares in the capital of the Company not exceeding in aggregate 10% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) of the Company.

Details of the proposed renewal of the Share Buyback Mandate including the rationale, source of funds and financial effects were set out in the Circular to Shareholders dated 30 June 2023.

The Chairman proposed the motion for renewal of the Share Buyback Mandate, the text of which was set out under item 9 in the Notice of this Meeting dated 30 June 2023. The motion was seconded by Ms Tew Jia Ern.

The Chairman invited questions from shareholders. There being no questions from shareholders, the meeting proceeded to deal with the formalities of conducting a poll on Resolutions 1 to 9.

POLLING

The Chairman demanded for a poll on all the motions which had been duly proposed and seconded at the meeting.

A representative of Complete Corporate Services Pte. Ltd., the Scrutineer appointed for the poll, briefed shareholders on completion of the poll voting slips.

The meeting was adjourned at 11:15 am for the Poll on the Resolutions to be counted and verified.

POLL RESULTS

The Scrutineer, Complete Corporate Services Pte. Ltd., had verified and certified the results of the Poll, a copy of which is attached to these Minutes as **Appendix 2**.

DECISION

The meeting resumed at 12:00 noon for announcement of the Poll results.

Based on the results of votes validly cast by Poll, the Chairman declared all resolutions tabled at the meeting carried –

RESOLUTION 1

There were 158,441,950 (99.95%) votes in favour and 74,400 (0.05%) votes against the Resolution.

RESOLVED –

"That the Report of the Directors and the Audited Financial Statements of the Company for the financial year ended 31 March 2023 together with the Auditors' Report thereon be received and adopted."

RESOLUTION 2

There were 159,375,980 (99.95%) votes in favour and 74,400 (0.05%) votes against the Resolution.

RESOLVED –

"That the payment of a final dividend of HK10 cents per share and a special dividend of HK6 cents per share, tax not applicable, for the financial year ended 31 March 2023 be approved."

RESOLUTION 3

There were 119,353,909 (93.73%) votes in favour and 7,977,510 (6.27%) votes against the Resolution.

RESOLVED –

"That Mr Chow Kok Kit be re-elected a Director of the Company."

RESOLUTION 4

There were 151,483,770 (95.14%) votes in favour and 7,738,510 (4.86%) votes against the Resolution.

RESOLVED –

"That Mr Liu Chung Mun Wilson be re-elected a Director of the Company."

RESOLUTION 5

There were 159,162,180 (99.89%) votes in favour and 181,700 (0.11%) votes against the Resolution.

RESOLVED –

"That the payment of Directors' fees of up to S$300,000 for the financial year ending 31 March 2024 be approved and be paid quarterly in arrears at the end of each calendar quarter."

RESOLUTION 6

There were 159,220,680 (99.88%) votes in favour and 194,700 (0.12%) votes against the Resolution.

RESOLVED –

"That PricewaterhouseCoopers LLP be re-appointed the Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company and the Directors be authorised to fix their remuneration."

RESOLUTION 7

There were 136,038,770 (85.47%) votes in favour and 23,125,110 (14.53%) votes against the Resolution.

RESOLVED –

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

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

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

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

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

provided that:

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

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

   (a) new shares arising from the conversion or exercise of convertible securities which were issued and outstanding or subsisting at the time of the passing of this Resolution;

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

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

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

(4) unless revoked or varied by the Company in a general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

RESOLUTION 8

There were 134,650,110 (84.49%) votes in favour and 24,723,770 (15.51%) votes against the Resolution.

RESOLVED –

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

RESOLUTION 9

There were 159,226,380 (99.95%) votes in favour and 74,400 (0.05%) votes against the Resolution.

RESOLVED –

"That –

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

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

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

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

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

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

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

(c) the date on which the purchases of shares by the Company have been carried out to the full extent mandated; 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 shares in the capital of the Company as at the date of passing of this Resolution; and "**Maximum Price**", in relation to the share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

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

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

where:

"**Average Closing Price**" means (i) the average of the closing market prices of a share over the last five market days, on which transactions in the shares were recorded, preceding the date of the On-Market Purchase or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase; and (ii) deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the day on which the purchase is made;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**market day**" means a day on which the SGX-ST is open for trading in securities."

CONCLUSION

There being no other business to transact, the Chairman declared the Annual General Meeting of the Company closed and thanked everyone for their attendance.

Confirmed as True Record of Proceedings held

[Signed]

Tse Chong Hing
Chairman

Appendix 1

VALUETRONICS HOLDINGS LIMITED
Annual General Meeting – 17 July 2023
Shareholders' Questions & Answers

Questions from a Shareholder

Firstly, thank you for holding a physical meeting where we can interact and discuss better than an electronic meeting.

Q1. In terms of the Company's repositioning itself to be closer to customers, you had made a move by expanding operations to Vietnam. I understand that the Vietnam campus is already in operation. Generally, are you satisfied that the Company is now in closer proximity to its customers to service them properly, or do you still need to set up operations elsewhere to be close to major customers?

Q2. The ICE segment has done quite well, whereas the CE segment is facing problems such as shortage of electronics components. The CE segment has become a much smaller division than 5 years ago. Do you see potential or any sign of recovery in the CE segment? Do you think the ICE segment would keep continue growing? What is the likely outcome going forward?

Q3. I am not asking for numbers. Going forward, where do you see the growth coming from? The Company had acquired a few new customers, as disclosed in the Annual Report. Did the Company acquire more new customers subsequent to the financial year end which are not disclosed in the Annual Report? With the establishment of the Vietnam manufacturing site, do you expect to get more customers and therefore, the volume to increase?

Chairman -

Our strategy to set up a manufacturing site in Vietnam was a natural development. The Company has been in China for many years. About five years ago, we decided to expand the Group's manufacturing capabilities overseas. At that point in time, we identified a few potential places for the expansion including countries in Asia and North America. We selected Vietnam after taking into consideration the country's proximity to the Company's headquarters in China, its cost competitiveness, and the ability to effectively leverage a mature supply chain in China. As of today, we considered that a worthwhile decision. The decision was not made in response to the trade tensions between China and the USA, it was made before that.

Today, the Company's customers or potential customers can have a choice of between China and Vietnam sites to fit their supply chain decision, be it due to costs and/or geopolitical factors. We believe the Company's regional footprint is able to sufficiently provide effective solutions to customers. Regionalisation is a very big concept and as of today, the Company has taken its first step.

ICE refers to the Industrial and Commercial Electronics ("ICE") segment and CE refers to the Consumer Electronics ("CE") segment. This is just the Company's classification of its business, based on the products' application. Overall, the Company's emphasis is on business development, no matter whether the business is classified under the CE or ICE segment.

The downturn in CE segment has been explained in previous annual reports or announcements of the Company. It is due to various reasons including competition and end-customer demand.

Regarding your third question, we have made some disclosures in the Chairman's Statement and Annual Report. Let me summarise them. Firstly, in the Chairman's Statement and Annual Report, we briefly highlighted what we have done and our accomplishments over the past years under the challenging environment. We still managed to acquire a few new customers. Two of the new customers are expected to contribute a full year revenue in the financial year ending 31 March 2024. Our regional footprint which offers diversification options to potential customers, is very important to the business. With these two arms in China and Vietnam, we are optimistic that we will be able to gradually acquire more new customers. Having said that, we still need to understand the reality. Overall, the economic situation has not stablised due to the uncertain interest rate environment. Interest rate hikes and rising inflationary pressures would impact consumer spending patterns.

Question from a Shareholder

Q4. I have this question for the Company's auditors with reference to "Contributed Surplus" under note no. 28 to the financial statements on page 90 of the Annual Report. There was "Contributed Surplus" of approximately HK$67.2 million as at 31 March 2023. I understand that "Contributed Surplus" can be used for dividend payments. May I know why the dividends had been paid out of retained earnings, instead of knocking off against the "Contributed Surplus" to make this item to become nil and be cleared from the books?

I asked the above question as it was stated under note no. 28 to the financial statements that "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."

Auditor, Ms Yong Zen Yun from PricewaterhouseCoopers LLP -

Your question is not a typical question for auditors. Usually, dividends are distributed out of retained earnings. That has been approved by the Board. I think your question is something for the Company to consider subject to Bermuda laws.

It is a decision to be made by the Company that going forward, how dividends are to be distributed.

Chairman -

We take note of your remarks. Based on what I recall, this "Contributed Surplus" arose from the past restructuring exercise undertaken by the Company in connection with its IPO. Nonetheless, the Company has sufficient retained earnings for dividends. I understand where you are coming from and thank you for your comments.

Questions from a Shareholder

Q5. Congratulations on your new product of liquid cooling solutions for a new high-performance computing customer. Is this new cooling solutions product by Valuetronics technically superior to existing similar products in the market or those produced by competitors?

Q6. Is this product replicable? If there are other customers approach Valuetronics to manufacture such a product, will you be able to customise and manufacture the product for other customers?

Q7. Currently, this customer's liquid cooling products are offered to the non-industrial sector. Does this customer offer liquid cooling products for industrial use as well? Is there any possibility that Valuetronics to also manufacture their products for industrial use?

Q8. Is it correct to say that Valuetronics is still quite a small supplier to this new customer?

Q9. Regarding the factories in China and Vietnam, would you please give us an update? Are your customers moving to Vietnam site? Is there a lot of capacity to expand in both factories?

Q10. I noted that Valuetronics has four new customers in diverse markets which offer different products. It is not easy for Valuetronics to meet diverse markets' needs. Please provide an update on Valuetronics' growth in terms of technical qualities/capabilities. Have you done new research, or acquired new technical skills or new machinery in getting these new customers?

Chairman -

We are the manufacturer for this product which is designed by our customer, and we have full confidence in our customer's design. They are experts in the area and have spent a lot of capital designing this cooling solution. Since they are able to grow in the market, I believe there must be some advantages over their competitors.

Usually, when we engage customers, we see their needs and growth potential and we will invest time in them. Therefore, under normal circumstances, we will not approach our customers' competitors.

Yes, this customer is in both industrial and non-industrial sectors. Valuetronics is one of their manufacturers.

Both China & Vietnam factories have sufficient reserves in terms of production floor space. The total site area for China campus is around 110,000 sqm and Vietnam campus is around 52,000 sqm. With this setup, we still have room to further expand our production.

Over the years, Valuetronics has grown by acquiring new knowledge and skill sets. That is the added benefit that we offer to our customers. Generally, new customers do expect us to possess certain new skill sets. In addition, our existing customers with new projects also expect us to have different kinds of skill sets or technologies to meet their needs.

Questions from a Shareholder

Q11. You mentioned earlier that there is room for expansion. What is the current utilisation rate for the Vietnam campus?

Q12. So, for now, the Company is unlikely to need major CAPEX for expansion, right?

Chairman -

The Vietnam campus started production in 2022. Currently, the Vietnam campus has three-storeys of production floor. The third floor has yet to be occupied.

For a new factory, the major CAPEX would be on the infrastructure and land acquisition. For the Vietnam campus, these are the most significant initial CAPEX that we have invested in already. Moving forward, we will continue to invest in the plant and machinery.

Questions from a Shareholder

Q13. Is there any plan to downsize the China campus in three to five years?

Q14. What is the current utilisation rate for the China plant, and whether it is substantially below the utilisation rate of the Vietnam plant?

Q15. For the China plant, have the assets (building and land) been fully depreciated and amortised?

Q16. The Company has bought back quite a big number of shares from the market and shares bought back are held as treasury shares. May I know the Company's plan for these treasury shares.

Q17. The Company has bought back 7% of the outstanding shares, is it?

Q18. Currently, the Company holds around 22 million treasury shares, which represent close to 5% or 6% of the Company's outstanding shares. At some point in time, these treasury shares will eventually be written off, right?

Chairman -

Apart from a manufacturing site, our China plant also acts as a technology center. Although the manufacturing scale in China nowadays is not as big as the time before we expanded to Vietnam, in terms of talent pool, the China plant is an important source of talents to support expansion of both China and Vietnam plants.

In terms of utilisation and organisation of the plant production floor, we will organise it in the most economical way, including subdividing or consolidating different production lines, or reorganising them into different floors. We have no intention to purposely scale down the China plant.

Chief Financial Officer (CFO) -

Some of the assets in the China plant have been fully amortised. However, we do purchase new machinery from time to time and the assets purchased in recent years are still subject to depreciation.

Under the Share Buyback Mandate as approved by shareholders, the Company has bought back around 22 million shares (approximately 5% of the total number of issued shares) since February 2022, which are currently held as treasury shares. Treasury shares can be cancelled or be used for future share allotment, like arising from exercise of options granted under the Valuetronics Employees Share Option Scheme ("ESOS"), which are disclosed in the circular in relation to the Share Buyback Mandate. At the moment, we intend to continue retaining the treasury shares.

In line with the Share Buyback Mandate, the number of shares held as treasury shares shall not at any time exceed 10% of the total issued ordinary share capital of the Company.

Question from a Shareholder

Q19. Noted that currently, the 5-storey China plant is not fully utilised. Is there any possibility to lease out part of the premises to other manufacturers for rental income, in view that the Company's plant in China is well developed and situated in a premium industrial park. Is the rental rate good for such a manufacturing site?

Chairman -

The regulations in China and Singapore are different. The China plant is a dedicated site for manufacturing, and we are not allowed to lease it out to third parties.

Question from a Shareholder

Q20. Referred to "Key Ratios" under Financial Highlights on page 4 of the Annual Report, the Company's gross profit margin had decreased from 15.2% in FY2019 to 13.0% in FY2023; and return on equity ("ROE") was 17.2% in FY2019 and 9.0% in FY2023.

Based on my own analysis, it is understandable that the decline in gross profit margin could be due to factors such as competition and supply chain disruption. The gross profit margin of 13% - 15% is still acceptable. However, the ROE has been declining and this could be partly due to the Company's cash position. It is good to have cash. You reserve cash for business especially when the economic environment is volatile. But the amount of cash held by Valuetronics is rather excessive. The Company must do something. Maybe to have more aggressive share buybacks. Besides share buybacks, the Company can look into business acquisition.

Chairman -

Thank you for all your comments, remarks, and reminders which we take note of. Please understand that in managing a company, we may not be able to share every detail with shareholders. However, we are being transparent in making public disclosures, say in Annual Reports/announcements/our response to shareholders' questions, to let shareholders have information on business direction and how we are going to manage the business.

On one hand, we take note of and consider seriously feedback and comments received via shareholders meetings and investors briefings. On the other hand, when we consider how to commercialise some of these good comments or suggestions from shareholders and investors, we have to consider some other factors as well. I hope that share buyback by the Company sends a very clear signal to investors that we are confident in our business. Share buybacks are subject to, and have to be carried out in accordance with certain rules set by the regulators. All in all, we are aligned in the same direction and just need to take it step by step.

Question from a Shareholder

Q21. The Company has a new plant in Vietnam which is doing well and enlarged manufacturing capacity. However, the Company had generated better revenue in the past without the Vietnam plant. The revenue and ROE had declined compared to the past. How are you going to make use of the huge capacity that you currently have? I do understand that your business involves manufacturing products for customers and naturally, customers' business performance and the market conditions would have an impact on Valuetronics' business. When the customers' business is doing well or the market demand for customers' products is growing, Valuetronics would benefit from that. However, in the meantime, when customers' business or the market is stagnant, what are you going to do with the unutilised capacity? Are you considering venturing into new areas or products?

Chairman -

We understand your concern. Let us look at it from another perspective. Without the Vietnam campus, if nowadays, we were having just a single site in China, it will be very difficult for us to approach and get new customers, even to maintain existing customers. The Vietnam campus was not established in response to specific issues like the US tariff and was established due to natural growth of the Group, and it was a necessary step to take. The China plant is very efficient, but the cost is higher. Having said that, we are not moving away from China. We can leverage on the strength of our manufacturing sites located in China and Vietnam, to make the Company more competitive.

Factories need to have some form of basic setup, including infrastructure, warehouse, assembly area, etc. which are fixed components regardless of the scale of operations. Setting up and running a factory is not a 1-year or 2-year type of plan. All in all, the China and Vietnam campuses which we recognise as part of our regional manufacturing footprint, are currently a good fit for our business development strategies. When we designed the Vietnam campus, we took into account what we have learned from running the China factory and the constraints that we faced in the past. When our existing and new customers went to the Vietnam campus, their feedback was the factory is very efficient in terms of the production flow, which is considered a very positive comment from the customers' perspective. For factories, the most important element is efficiency. From our perspective, we have established the way and will get the returns in the long run.

Question/comment from a Shareholder

Q22. Chairman, can you recall when was the time Valuetronics' share price was S$1.08 or S$1.10 each. I remember it was when the Company did the bonus issue few years back. In addition, if not due to the COVID-19 pandemic, the Company's share price could remain above S$0.70 each. So, perhaps, you could consider another bonus issue. The Company has to do something, besides share buybacks, to push up the share price.

Chairman -

Thank you and noted your comments.

Question from a Shareholder

Q23. You manufacture your customers' products. If a customer business is doing well, you benefited; and in contrast, if a customer business is doing badly, you will be affected. I am a bit concerned about this kind of risk. How do you mitigate that kind of risk? With Vietnam campus providing extra capacity, you have to search for more customers especially premium customers.

Chairman -

I understand your concern which is common. Over the years, you, as a long-term shareholder, have seen how we changed. We never rely on a single customer, nor a single product. Since day one, we have maintained a diverse portfolio of customers or products. We had worked very hard to achieve that. It is rather easy for a manufacturer to produce only a single product. To manufacture different or diverse customer products, it requires emphasis on mechanical assembly, control processes, etc. Having been through these scenarios, we possess different skill sets which allow us to accommodate different customers' needs. This is a very important element to Valuetronics for being able to overcome the ups and downs. If you would like to pick a shortfall of this direction, it could be we are not able to enjoy the ample scale. But we considered the existing business strategy adopted by Valuetronics to be adequate and justifiable.

Question/comment from a Shareholder

Q24. As what a shareholder has mentioned earlier, the share price of Valuetronics is low. Coupled with the cash available, if the Company is issuing new shares through private placement, the interest of existing shareholders will be diluted. If the Company decides to issue new shares, I hope that all shareholders can participate.

Regarding the ESOS, I noted that share options can be granted by the Company to employees at a 20% discount to the market price. Given the low share price and share options have time value, I would think this ESOS is supposed to motivate the Company's employees to deliver higher value and not lower. Granting share options at a premium price is still motivating enough and should be able to motivate the employees to push the Company to a higher level. That was my suggestion for the Company to consider.

Chairman -

Your comments are noted. Resolution 7 is mainly to give the Directors the authority to issue new shares from time to time in accordance with the Listing Rules and applicable laws. To clarify, currently, we do not have any plan for issuing new shares. Also, in recent years since 2021, options have been granted at market price without a discount.

Question from a Shareholder

Q25. I noted that Ms Tan Siok Chin will be leaving the Company upon the 9th anniversary of her tenure as an Independent Non-Executive Director of the Company and I would like to know the Company's plan in getting a replacement Director with the relevant experience and expertise. Also, if there is any gap in terms of expertise identified in the current Board and any plan to fill up the gap in the coming nomination/appointment of new Director? For manufacturing companies, we do see usually there are directors with engineering expertise, but I noted the Company's Board members are mainly from asset management, finance, legal and without any engineering background.

Chairman -

One of the Executive Directors, Mr Chow Kok Kit is an engineer. He is the Chief Technology Officer to the Company. Mr Chow is one of the Directors seeking re-election at this Annual General Meeting.

If you read through our history, we have properly engaged in succession planning for the Directors. The Nominating Committee has already identified a candidate for appointment to the Board and the Company will make the necessary announcements when the time comes. Whenever an Independent Director retires or resigns in the past, the Company has always planned ahead to look for candidates for a new Board appointment.

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SCRUTINEER'S CERTIFICATE

Complete Corporate Services Pte Ltd, being the duly appointed scrutineer at the Annual General Meeting of Valuetronics Holdings Limited held on 17 July 2023, do hereby confirm the results of the poll are as follows:

Resolution Details	**Total number of shares represented by votes for and against the relevant resolution**	**For**		**Against**	
		Number of shares	**As a percentage of total number of votes for and against the resolution (%)**	**Number of shares**	**As a percentage of total number of votes for and against the resolution (%)**
Resolution 1: Directors' Report and Audited Financial Statements for the financial year ended 31 March 2023	158,516,350	158,441,950	99.95	74,400	0.05
Resolution 2: Payment of proposed final and special dividends	159,450,380	159,375,980	99.95	74,400	0.05
Resolution 3: Re-election of Chow Kok Kit as a Director	127,331,419	119,353,909	93.73	7,977,510	6.27

Resolution 4: Re-election of Liu Chung Mun Wilson as a Director	159,222,280	151,483,770	95.14	7,738,510	4.86
Resolution 5: Approval of Directors' fees for the financial year ending 31 March 2024, to be paid quarterly in arrears	159,343,880	159,162,180	99.89	181,700	0.11
Resolution 6: Re-appointment of PricewaterhouseCoopers LLP as Auditors and to authorise the Directors to fix their remuneration	159,415,380	159,220,680	99.88	194,700	0.12
Resolution 7: Authority to issue shares	159,163,880	136,038,770	85.47	23,125,110	14.53
Resolution 8: Authority to allot and issue shares under the Valuetronics Employees Share Option Scheme and the Valuetronics Performance Share Plan	159,373,880	134,650,110	84.49	24,723,770	15.51
Resolution 9: Renewal of Share Buyback Mandate	159,300,780	159,226,380	99.95	74,400	0.05

Confirmed and verified by:

Complete Corporate Services Pte Ltd
17 July 2023