



VALUETRONICS HOLDINGS LIMITED

(Incorporated in Bermuda on 18 August 2006)
(Company Registration Number: 38813)
(the “Company”)

RESPONSE TO QUERY FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED IN RELATION TO THE COMPANY’S ANNUAL REPORT FOR FY2021

The Board of Directors (the “Board”) of Valuetronics Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) refers to the below query raised by the Singapore Exchange Securities Trading Limited on 19 July 2021 in relation to the Company’s annual report for the financial year ended 31 March 2021 (“Annual Report”) and would like to provide its response as follows:

SGX Query 1:

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “Code”), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 3.1 of the Code as the Company’s Chairman and CEO position is filled by the same person, and there were no explanations were provided for in your FY2021 annual report on how it is consistent with the intent of Principle 3 of the Code.

Please clarify how the practices the Company had adopted are consistent with the intent of Principle 3 of the Code, which requires a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision making.

Company’s Response:

Provision 3.1 of the Code provides that the Chairman and Chief Executive Officer should be separate persons to ensure an appropriate balance of power, increased accountability and greater capacity for independent decision making.

A dual leadership structure has not been adopted as the Board is of the opinion that the Chairman with his background, knowledge, experience and contributions to the Group will facilitate efficient decision-making process and bring greater value to the Group. Taking into account the current corporate structure, size, nature and scope of the Group’s operations, the Board is of the view that notwithstanding that the Chairman and Managing Director is the same person, there are sufficient safeguards and checks to ensure the independent exercise of objective judgement on affairs and operations of the Group. The Company wishes to clarify that:

- (i) The Board is comprised of a majority of Independent Non-Executive Directors (“INEDs”).
- (ii) As disclosed on page 18 of the Annual Report, the Company has appointed Mr Ong Tiew Siam as the Lead Independent Director to provide leadership in any situation where the Chairman is conflicted and to address shareholders’ concerns on issues that cannot be appropriately or adequately dealt with by the Chairman and Managing Director or the Chief Financial Officer.
- (iii) All the Board Committees are chaired by INEDs and all the Board Committees’ members are INEDs.
- (iv) The performance of the Chairman is reviewed by the Nominating Committee, through the conduct of peer evaluation by Board members.
- (v) As disclosed on page 14 of the Annual Report, the Board conducts regular scheduled meetings on a quarterly basis to keep the Board updated on the Group’s financial position, business activities and the overall business environment in which the Group operates and to review half-year and full-year results announcements. Ad-hoc meetings are held as and when required to address significant issues that may arise. When a physical meeting is not possible, timely communication with the Directors is achieved through electronic means and the Board/Board Committees’ approval is sought for important and critical matters concerning the Company via circulation of written resolutions.

Major decisions which have a material impact on the Group’s business are made collectively by the Board.

- (vi) As disclosed on page 17 of the Annual Report, INEDs contribute to the Board process by monitoring and reviewing Management’s performance against goals and objectives. They are encouraged to constructively challenge and help develop proposals on strategy. Their views and opinions provide alternative perspectives to the Group’s business. When challenging proposals or decisions, they individually bring independent judgment to bear on business activities and transactions involving conflicts of interest and other complexities. The INEDs communicate amongst themselves both formally at scheduled meetings without the presence of Management and, informally via email or telephone on matters concerning the Company.

The Board applies the principle of clear division of responsibilities at the top of the Company. The workings of the Board and the executive responsibility of the Company’s business are separated to ensure a balance of power and authority and that no one individual Director has unfettered powers of decision-making.

BY ORDER OF THE BOARD
VALUETRONICS HOLDINGS LIMITED

Tse Chong Hing
Chairman and Managing Director

21 July 2021