

**CIRCULAR DATED 8 JULY 2015**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

This Circular is issued by Valuetronics Holdings Limited (the “**Company**”) and is to be read together with the Company’s Annual Report for the financial year ended 31 March 2015 and the Company’s Notice of Annual General Meeting dated 8 July 2015. If you are in any doubt as to its contents or the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of the Company held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your ordinary shares in the capital of the Company which are represented by physical share certificate(s), you should forward this Circular immediately to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. Your attention is drawn to page 10 of this Circular in respect of action to be taken if you wish to attend and/or vote at the Annual General Meeting of the Company.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any statements made, opinions expressed or reports contained in this Circular.



**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

**THE PROPOSED CHANGE OF AUDITORS**

The purpose of this Circular is to provide Shareholders with information pertaining to, and to explain the rationale for the Proposed Change of Auditors to be tabled at the Annual General Meeting of the Company to be held on 24 July 2015 at 10.00 a.m. at Level 5, Mercury Room II & III, Furama RiverFront, Singapore, 405 Havelock Road, Singapore 169633.

The Company’s Notice of Annual General Meeting and the Proxy Form are enclosed with the Company’s Annual Report for the financial year ended 31 March 2015.

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## DEFINITIONS

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In this Circular, unless the context otherwise requires or it is otherwise stated, the following words and expressions shall have the following meanings:–

<b>“2014 AGM”</b>	:	The annual general meeting of the Company convened on 22 July 2014
<b>“Act”</b>	:	The Companies Act, Cap. 50 of Singapore, as amended from time to time
<b>“AGM”</b>	:	The annual general meeting of the Company to be convened on Friday, 24 July 2015
<b>“Annual Report”</b>	:	The annual report of the Company for FY2015
<b>“Audit Committee”</b>	:	The audit committee of the Company, comprising of Mr Chow Kok Kee (Chairman), Mr Ong Tiew Siam and Ms Tan Siok Chin
<b>“Bermuda Companies Act”</b>	:	The Companies Act 1981 of Bermuda, as amended from time to time
<b>“Board”</b>	:	The board of directors of the Company as at the date of this Circular
<b>“Bye-Laws”</b>	:	The Bye-Laws of the Company, as amended, varied or supplemented from time to time
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Circular”</b>	:	This circular to Shareholders dated 8 July 2015
<b>“Company”</b>	:	Valuetronics Holdings Limited
<b>“Directors”</b>	:	The directors of the Company as at the date of this Circular
<b>“FY”</b>	:	Financial year ending or ended 31 March
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“Listing Manual”</b>	:	The listing manual of the SGX-ST, as amended, varied or supplemented from time to time
<b>“Memorandum of Association”</b>	:	The Memorandum of Association of the Company, as amended, varied or supplemented from time to time
<b>“Notice of AGM”</b>	:	The notice of AGM as set out in the Annual Report
<b>“Proposed Change of Auditors”</b>	:	The proposed change of auditors of the Company from Messrs RSM to Messrs PwC HK

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## DEFINITIONS

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“Proxy Form”	:	The proxy form in respect of the AGM as set out in the Annual Report
“PwC HK”	:	PricewaterhouseCoopers Hong Kong
“Resolution 7”	:	The ordinary resolution 7 of the Notice of AGM pertaining to the Proposed Change of Auditors
“RSM”	:	RSM Nelson Wheeler and RSM Chio Lim LLP
“Securities Account”	:	Securities account maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shares”	:	The ordinary shares in the capital of the Company with a par value of HK\$0.10 each
“Shareholders”	:	Registered holders of Shares in the Register of Members maintained by the Company, except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the Depositors in the Depository Register maintained by CDP and to whose Securities Accounts are credited with Shares

### Currencies

“HK\$”	:	Hong Kong dollars, the lawful currency of Hong Kong
“S\$”	:	Singapore dollars, the lawful currency of the Republic of Singapore

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings ascribed to them respectively in Section 130A of the Act.

The term “**associate**”, “**associated company**” and “**subsidiary**” shall have the same meanings ascribed to them respectively in the Listing Manual and the Act.

The expressions “**our**”, “**ourselves**”, “**us**”, “**we**” or other grammatical variations thereof shall, unless otherwise stated, mean the Company and its subsidiaries.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to “**persons**” shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word or term defined under the Bermuda Companies Act, the Act, the Listing Manual or any statutory modification thereof and used in this Circular shall, where

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## **DEFINITIONS**

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applicable, have the same meaning ascribed to it under the Bermuda Companies Act, the Act, the Listing Manual or any statutory modification thereof, as the case may be, unless the context requires otherwise.

Any reference to a time of day and to dates in this Circular shall be a reference to Singapore time and dates, unless otherwise stated.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

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## LETTER TO SHAREHOLDERS

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### VALUETRONICS HOLDINGS LIMITED

(Incorporated in Bermuda on 18 August 2006)  
(Registration Number 38813)

#### Board of Directors:–

Tse Chong Hing	(Chairman and Managing Director)
Chow Kok Kit	(Executive Director)
Chow Kok Kee	(Lead Independent Director)
Ong Tiew Siam	(Independent Director)
Tan Siok Chin	(Non-Executive Director)

#### Registered Office:–

Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

**8 July 2015**

To: The Shareholders of Valuetronics Holdings Limited

Dear Sir/Madam,

#### THE PROPOSED CHANGE OF AUDITORS

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### 1. INTRODUCTION

#### 1.1 Annual General Meeting

The Directors are convening an AGM to be held on 24 July 2015 to seek Shareholders' approval for, *inter alia*, the Proposed Change of Auditors.

#### 1.2 Circular

The purpose of this Circular is to provide Shareholders with information relating to and to seek the approval of Shareholders at the forthcoming AGM for the Proposed Change of Auditors.

For the avoidance of doubt, Depositors holding Shares through CDP are not to be treated, under the Bye-Laws and the Bermuda Companies Act, as members of the Company in respect of the number of Shares credited to their respective Securities Accounts. Accordingly, Depositors do not have a right under the Bermuda Companies Act to attend and to vote at the AGM. Depositors will be able to participate in the Proposed Change of Auditors only through CDP, the latter being the registered holder of Shares in the Company's Register of Members.

However, administrative arrangements have been made with CDP to allow Depositors to take part in the Proposed Change of Auditors. Depositors who wish to attend and vote at the AGM, and whose names are shown in the records of CDP as at a time not earlier than 48 hours prior to the time of the AGM supplied by CDP to the Company, may attend as CDP's proxies. Such Depositors who are individuals and who wish to attend the AGM in person need not take any further action and can attend and vote at the AGM without the lodgement of any proxy form. Such Depositors who are unable to attend personally and wish to appoint a nominee to attend and vote on his behalf, and such Depositors who are not individuals, will find attached to the Annual Report a Depositor Proxy Form which they must complete, sign

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## LETTER TO SHAREHOLDERS

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and return in accordance with the instructions printed thereon as soon as possible and in any event, so as to reach the office of the Singapore share transfer agent of the Company, B.A.C.S. Private Limited, not later than 48 hours before the time fixed for holding the AGM. The completion and return of a Depositor Proxy Form by a Depositor who is an individual does not preclude him from attending and voting in person at the AGM in place of his nominee if he finds he is able to do so. For the purpose of this Circular, the term “**Shareholders**” has been defined to also include reference to Depositors where the context admits and they will accordingly be treated administratively herein, where the context admits, as shareholders of the Company with entitlements in respect of the Proposed Change of Auditors.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

### 1.3 SGX-ST

The SGX-ST assumes no responsibility for the accuracy of any statements made, opinions expressed or reports contained in this Circular.

## 2. THE PROPOSED CHANGE OF AUDITORS

### 2.1 Reasons for the Proposed Change of Auditors

RSM Nelson Wheeler and RSM Chio Lim LLP were appointed as the Company’s joint auditors at the 2014 AGM to hold office until the conclusion of the next annual general meeting of the Company. Their term of office as joint auditors of the Company will therefore expire upon the conclusion of the forthcoming AGM.

The Company has been audited by RSM Nelson Wheeler since its listing on the SGX-ST in 2007. In 2013, RSM Chio Lim LLP was appointed as joint auditors of the Company in compliance with the SGX-ST Listing Rules. Accordingly, RSM Nelson Wheeler has been the auditors of the Company for nine consecutive years since 2007 and RSM Chio Lim LLP has been auditors of the Company for three consecutive years since 2013.

In view of the above, the Directors are proposing to appoint PwC HK as auditors of the Company in place of RSM Nelson Wheeler and RSM Chio Lim LLP as part of the Company’s efforts to enhance its corporate governance. The Directors are of the view that a rotation of audit firm should be recommended to potentially discourage an audit firm from focusing on maintaining long-term relationships with its audit client, which might affect the independence and effectiveness of the audit firm and the audit process. A change of the Company’s auditors would also enable the Company to benefit from fresh perspectives of another professional firm. This will further strengthen the corporate governance processes of the Company.

In addition, as the principal place of business and operations of the Company and the Group are mainly based in Hong Kong and Mainland China and not in Singapore, to facilitate the audit process, RSM Chio Lim LLP has an ongoing arrangement with RSM Nelson Wheeler, an accounting firm based in Hong Kong, whereby the audit field work is undertaken by RSM Nelson Wheeler as component auditors for the issuance of the final independent auditor’s report by RSM Chio Lim LLP. By changing the Company’s auditors from RSM Nelson Wheeler and RSM Chio Lim LLP to PwC HK, the Company and the Group will be able to

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## LETTER TO SHAREHOLDERS

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streamline their audit process, since they will only need to liaise with one set of auditors in the finalisation of the audit of the Company's and the Group's accounts, and this will result in saving of management time and resources spent.

The Directors having reviewed the credentials and services provided by PwC HK, and with the concurrence of the Audit Committee, recommend the appointment of PwC HK as the new auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company.

PwC HK had on 12 June 2015 given its written consent to act as auditors of the Company, subject to the approval of Shareholders. PwC HK's appointment will take effect upon approval of Shareholders at the forthcoming AGM.

The proposed remuneration of PwC HK for FY2016 is estimated to be approximately S\$240,000 excluding disbursements and applicable taxes. PwC HK arrived at their fee estimate after taking into consideration the full scope of work to be undertaken in compliance with the International Standards on Auditing and the International Financial Reporting Standards in order to properly discharge their duties as auditors of the Company.

### 2.2 Information about PwC HK

*The information relating to PwC HK provided below was provided to the Company by PwC HK and their representatives. The Directors have not conducted an independent review or verification of the accuracy of the statements and information below.*

PwC HK is a partnership wholly owned by its partners. There were 155 partners as at 30 June 2014. The entities operating in Hong Kong, Mainland China, Singapore and Taiwan are members of the PricewaterhouseCoopers network. PricewaterhouseCoopers has a network of firms in 157 countries with more than 195,000 people. It provides clients with assurance, tax, transaction and advisory services to a wide-ranging clientele base consisting of multinational companies, private companies and public sector organisations.

For more information on PwC HK, please visit <http://www.pwchk.com/home/eng/index.html>.

Mr Peter Tsang ("**Mr Tsang**") is the audit engagement partner who will be assigned to the audit of the Company. Mr Tsang, who has more than 17 years of audit experience, is a fellow member of the Association of Chartered Certified Accountants and a practicing member of the Hong Kong Institute of Certified Public Accountants and the Chinese Institute of Certified Public Accountants. Throughout the audit, he will also be assisted by specialists who are members of the Institute of Singapore Chartered Accountants.



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## LETTER TO SHAREHOLDERS

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### 2.3 Requirements under Rules 712 and 715 of the Listing Manual

The Directors, having taken into account the recommendation of the Audit Committee, and having considered various factors, including *inter alia*, the following:–

- (i) the adequacy of the resources and experience of PwC HK, and Mr Tsang and professional staff assigned to the audit;
- (ii) PwC HK's other audit engagements;
- (iii) that PwC HK has informed the Company that they will perform their audit in accordance with the International Standards on Auditing which requires the identification and addressing of audit risks;
- (iv) the size and complexity of the Group's operations;
- (v) the number and experience of the supervisory and professional staff who will be assigned to the audit of the Company and the Group; and
- (vi) PwC HK's proposed audit arrangements for the Group,

are of the opinion that PwC HK has the relevant experience and expertise to meet the audit requirements of the Company and the Group under Rules 712 and 715 of the Listing Manual and the appointment of PwC HK would not compromise the standard and effectiveness of the audit of the Company.

### 2.4 Confirmation from the Company pursuant to Rule 1203(5) of the Listing Manual

In compliance with Rule 1203(5) of the Listing Manual, the Company confirms that:–

- (i) RSM have confirmed to PwC HK by way of their letter dated 12 June 2015 ("**RSM's Professional Clearance Letter**") that they are not aware of any professional reasons why PwC HK should not accept appointment as auditors of the Company. The Directors have also obtained the written consent from PwC HK on 12 June 2015 to act as auditors of the Company, subject to the approval of Shareholders at the forthcoming AGM ("**PwC HK's Consent Letter**");
- (ii) there were no disagreements with RSM on accounting treatments within the last 12 months;
- (iii) the Company is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of Shareholders which has not been disclosed in this Circular;
- (iv) the specific reasons for the Proposed Change of Auditors are disclosed in Section 2.1 above; and
- (v) the Company complies with Rules 712 and 715 of the Listing Manual in relation to the appointment of PwC HK as auditors of the Company.

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## LETTER TO SHAREHOLDERS

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### 2.5 Requirements under Bermuda Law

The Bermuda Companies Act provides, *inter alia*, that no person (the “**Incoming Auditor**”) shall accept appointment or consent to be appointed as auditor of a company if he is replacing an auditor (the “**Outgoing Auditor**”) who has resigned, been removed or whose term of office has expired or is about to expire, or who has vacated office until the Incoming Auditor has requested and received from the Outgoing Auditor a written statement of the circumstances and the reasons why, in the Outgoing Auditor’s opinion, he is to be replaced. The Incoming Auditor may nevertheless accept appointment or consent to be appointed as auditor of a company if, within 15 days after making the request, he does not receive a written statement as requested. Under the Bermuda Companies Act, an appointment as auditor of the Incoming Auditor who has not requested such a written statement from the Outgoing Auditor is voidable by a resolution of the shareholders at a general meeting.

On 11 June 2015, pursuant to the requirements of the Bermuda Companies Act, PwC HK has requested from RSM a written statement of the circumstances and the reasons why, in the RSM’s opinion, they are to be replaced as auditors of the Company. PwC HK confirmed that RSM have responded to the said request by way of a written statement dated 12 June 2015 (the “**RSM’s Written Statement**”) that they are not aware of any professional reasons which would preclude PwC HK from accepting the appointment as auditors of the Company.

Under Section 89(3) of the Bermuda Companies Act, a person, other than an incumbent auditor, shall not be capable of being appointed auditor at a general meeting unless notice in writing of an intention to nominate that person to the office of auditor has been given not less than 21 days before the general meeting, and the company shall send a copy of any such notice to the incumbent auditor, and shall give notice thereof to the members, either by advertisement in an appointed newspaper or in any other mode provided by the bye-laws of the company, not less than seven days before the general meeting, provided that the incumbent auditor may by notice in writing to the secretary of the company waive the requirements of Section 89(3) of the Bermuda Companies Act which shall then not have effect.

The Directors confirm that notice in writing of an intention to nominate PwC HK to the office of auditor of the Company had been given not less than 21 days before the AGM.

### 3. AUDIT COMMITTEE’S RECOMMENDATIONS

The Audit Committee has reviewed and deliberated on the Proposed Change of Auditors and recommend the same for approval by the Board after taking into consideration the suitability of PwC HK and compliance with the requirements of the Listing Manual.

### 4. DIRECTORS’ RECOMMENDATIONS

The Directors having fully considered, *inter alia*, the terms and rationale of the Proposed Change of Auditors and the suitability of PwC HK as set out in this Circular, are of the opinion that the Proposed Change of Auditors is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of Resolution 7 to be proposed at the AGM.

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## LETTER TO SHAREHOLDERS

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### 5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Change of Auditors, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

### 6. ANNUAL GENERAL MEETING

The Board is convening an AGM to be held at Level 5, Mercury Room II & III, Furama RiverFront, Singapore, 405 Havelock Road, Singapore 169633, on 24 July 2015 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without any modifications, Resolution 7 as set out in the Notice of AGM.

### 7. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and wish to appoint a proxy to attend and vote at the AGM on their behalf must complete, sign and return the Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to be deposited at the office of the Singapore share transfer agent of the Company, B.A.C.S. Private Limited at 63 Cantonment Road, Singapore 089758 (for Singapore Shareholders), not less than 48 hours before the time fixed for holding the AGM. The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the AGM in place of his proxy if he finds that he is able to do so. However, any appointment of a proxy by such Shareholder shall be deemed to be revoked if the Shareholder attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person, appointed under the instrument of proxy, to the AGM.

Depositors who wish to attend and vote at the AGM, and whose names are shown in the records of CDP as at a time not earlier than 48 hours prior to the time of the AGM supplied by CDP to the Company, may attend as CDP's proxies. Such Depositors who are individuals and who wish to attend the AGM in person need not take any further action and can attend and vote at the AGM without the lodgement of any proxy form. Such Depositors who are unable to attend personally and wish to appoint a nominee to attend and vote on his behalf, and such Depositors who are not individuals, will find attached to the Annual Report a Depositor Proxy Form which they must complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event, so as to be deposited at the office of the Singapore share transfer agent of the Company, B.A.C.S. Private Limited at 63 Cantonment Road, Singapore 089758, not less than 48 hours before the time fixed for holding the AGM. The completion and return of a Depositor Proxy Form by a Depositor who is an individual does not preclude him from attending and voting in person at the AGM in place of his nominee if he finds he is able to do so.

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## LETTER TO SHAREHOLDERS

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### 8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the office of the Singapore share transfer agent of the Company, B.A.C.S. Private Limited at 63 Cantonment Road, Singapore 089758, during normal business hours from the date of this Circular up to and including the time and date of the AGM:–

- (i) the Memorandum of Association and the Bye-Laws of the Company;
- (ii) the Annual Report of the Company for FY2015;
- (iii) RSM's Professional Clearance Letter;
- (iv) RSM's Written Statement; and
- (v) PwC HK's Consent Letter.

Yours faithfully,  
For and on behalf of the Board of Directors of  
**VALUETRONICS HOLDINGS LIMITED**

Tse Chong Hing  
Chairman and Managing Director