

VALUETRONICS HOLDINGS LIMITED

(Incorporated in Bermuda)
(Co. Reg. No: 38813)

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2020**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

- 1(a) A statement of profit or loss and statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Consolidated Income Statement for the year ended 31 March 2020

	The Group		
	Year ended 31 March		
	2020	2019	Change
	HK\$'000	HK\$'000	%
Revenue	2,354,442	2,828,786	-16.8
Cost of sales	(1,991,660)	(2,398,527)	-17.0
Gross profit	362,782	430,259	-15.7
Selling and distribution expenses	(26,346)	(41,476)	-36.5
Administrative expenses	(164,118)	(177,202)	-7.4
Other income and gains, net	24,682	26,681	-7.5
Net other operating loss	-	(13,610)	NM
Operating profit	197,000	224,652	-12.3
Finance costs	(764)	(600)	27.3
Profit before income tax	196,236	224,052	-12.4
Income tax expense	(17,294)	(24,572)	-29.6
Profit for the year	178,942	199,480	-10.3
Attributable to:			
Owners of the Company	178,942	199,480	-10.3

NM: Not meaningful

Consolidated Statement of Comprehensive Income for the year ended 31 March 2020

	The Group		
	Year ended 31 March		
	2020	2019	Change
	HK\$'000	HK\$'000	%
Profit for the year	178,942	199,480	-10.3
Other comprehensive expense, net of tax			
<i>Items that may be reclassified to profit or loss:</i>			
Currency translation differences*	(1,708)	(5,116)	-66.6
Total comprehensive income for the year	177,234	194,364	-8.8
Attributable to:			
Owners of the Company	177,234	194,364	-8.8

* Representing exchange differences on translating the Group's subsidiaries in the PRC and Vietnam.

Note:

The Group's profit before income tax is arrived at after charging/(crediting):

	The Group	
	Year ended 31 March	
	2020	2019
	HK\$'000	HK\$'000
Depreciation on property, plant and equipment	51,193	44,898
Amortisation of land use rights	-	459
Amortisation of right-of-use assets	2,678	-
Interest elements of lease payments	141	-
Loss/(gain) on disposals of property, plant and equipment	387	(374)
Interest income	(20,336)	(14,752)
Bank charges	623	600
Net exchange gains	(141)	(6,331)
Impairment loss recognised in respect of flash floods that occurred on 17 September 2018 at the Danshui Plant	-	13,610

1(b)(i) A statement of financial position (for the issuer and the group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position as at 31 March 2020

	The Group		The Company	
	At 31.3.2020	At 31.3.2019	At 31.3.2020	At 31.3.2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS				
Non-current assets				
Land use rights	-	17,154	-	-
Property, plant and equipment	201,102	209,808	-	-
Right-of-use assets	51,248	-	-	-
Interests in subsidiaries	-	-	83,330	83,330
Financial assets at fair value	21,800	61,830	-	-
Others*	63,537	28,867	-	-
Total non-current assets	337,687	317,659	83,330	83,330
Current assets				
Inventories	227,927	302,046	-	-
Trade receivables	326,388	436,832	-	-
Other receivables and prepayments	29,734	26,385	361	369
Due from subsidiaries	-	-	421,972	411,868
Financial assets at fair value	38,630	-	-	-
Cash and bank deposits	1,053,096	930,445	551	165
Total current assets	1,675,775	1,695,708	422,884	412,402
Total assets	2,013,462	2,013,367	506,214	495,732
EQUITY				
Share capital	43,563	43,401	43,563	43,401
Treasury shares	(2,272)	(2,272)	(2,272)	(2,272)
Reserves	1,190,311	1,118,153	464,494	454,274
Total equity	1,231,602	1,159,282	505,785	495,403
LIABILITIES				
Non-current liabilities				
Lease liabilities	1,010	-	-	-
Deferred income tax liabilities	7,518	8,918	-	-
Total non-current liabilities	8,528	8,918	-	-
Current liabilities				
Trade payables	291,234	391,503	-	-
Other payables and accruals	394,576	355,734	429	329
Contract liabilities	41,847	53,963	-	-
Lease liabilities	1,292	-	-	-
Current income tax liabilities	44,383	43,967	-	-
Total current liabilities	773,332	845,167	429	329
Total liabilities	781,860	854,085	429	329
Total equity and liabilities	2,013,462	2,013,367	506,214	495,732
Net current assets	902,443	850,541	422,455	412,073
Total assets less current liabilities	1,240,130	1,168,200	505,785	495,403

* The increase mainly represented prepayment for property, plant and equipment.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 31 March 2020		As at 31 March 2019	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 31 March 2020		As at 31 March 2019	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
Nil	Nil	Nil	Nil

Details of any collateral

None

1(c) A statement of cash flows for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows for the year ended 31 March 2020

	The Group	
	Year ended 31 March	
	2020	2019
	HK\$'000	HK\$'000
Cash flows from operating activities		
Profit before income tax	196,236	224,052
Adjustments for :		
Amortisation of land use rights	-	459
Amortisation on right-of-use assets	2,678	-
Depreciation on property, plant and equipment	51,193	44,898
Loss/(gain) on disposals of property, plant and equipment	387	(374)
Share-based compensation	4,371	4,603
Interest income, net	(20,195)	(14,752)
	234,670	258,886
Changes in working capital:		
Inventories	74,119	83,591
Trade receivables	110,444	145,982
Other receivables and prepayments	551	11,509
Trade payables	(100,269)	(91,390)
Other payables and accruals and contract liabilities	26,726	8,533
Net cash generated from operations	346,241	417,111
Income tax paid	(18,278)	(13,046)
Interest elements of lease payments	(141)	-
Net cash generated from operating activities	327,822	404,065
Cash flows from investing activities		
Purchase of property, plant and equipment	(84,600)	(47,059)
Acquisition of right-of-use assets	(34,155)	-
Proceeds from disposals of property, plant and equipment	15	530
Addition of financial assets at fair value	-	(11,200)
Net redemption/(addition) of short-term bank deposits	155,000	(38,744)
Interest received	20,336	14,752
Net cash generated from/(used in) investing activities	56,596	(81,721)
Cash flows from financing activities		
Purchase of Treasury Shares	-	(3,884)
Dividend paid	(112,776)	(107,185)
Proceeds from shares issued in exercise of share options	3,491	9,424
Principal elements of lease payments	(1,233)	-
Net cash used in financing activities	(110,518)	(101,645)
Net increase in cash and cash equivalents	273,900	220,699
Effect of foreign exchange rate changes	3,751	(85)
Cash and cash equivalents at beginning of the year	775,445	554,831
Cash and cash equivalents at end of the year*	1,053,096	775,445

* As at 31 March 2019, cash and bank deposits of the Group amounted to HK\$930,445,000 comprise (i) cash and cash equivalents of HK\$775,445,000; and (ii) term deposits with initial terms of over three months of HK\$155,000,000.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statements of Changes in Equity for the year ended 31 March 2020

The Group	Attributable to the owners of the Company								
	Reserves							Total reserves	Total equity
	Share capital	Treasury share	Share premium	Share-based payment reserve	Currency translation reserve	Statutory reserve (Note)	Retained earnings		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 April 2019	43,401	(2,272)	158,916	6,418	16,455	4,523	931,841	1,118,153	1,159,282
Total comprehensive income for the year	-	-	-	-	(1,708)	-	178,942	177,234	177,234
Dividends paid	-	-	-	-	-	-	(112,776)	(112,776)	(112,776)
Issue of shares on exercise of share options	162	-	5,002	(1,673)	-	-	-	3,329	3,491
Share-based compensation	-	-	-	4,371	-	-	-	4,371	4,371
Transfer to statutory reserve	-	-	-	-	-	295	(295)	-	-
Changes in equity for the year	162	-	5,002	2,698	(1,708)	295	65,871	72,158	72,320
Balance at 31 March 2020	43,563	(2,272)	163,918	9,116	14,747	4,818	997,712	1,190,311	1,231,602
Balance at 1 April 2018	43,240	(8,298)	155,065	6,734	21,571	4,099	839,549	1,027,018	1,061,960
Total comprehensive income for the year	-	-	-	-	(5,116)	-	199,480	194,364	194,364
Dividends paid	-	-	-	-	-	-	(107,185)	(107,185)	(107,185)
Purchase of treasury shares	-	(3,884)	-	-	-	-	-	-	(3,884)
Issue of shares on exercise of share options	161	9,910	3,851	(4,498)	-	-	-	(647)	9,424
Share-based compensation	-	-	-	4,603	-	-	-	4,603	4,603
Lapse of share options	-	-	-	(421)	-	-	421	-	-
Transfer to statutory reserve	-	-	-	-	-	424	(424)	-	-
Changes in equity for the year	161	6,026	3,851	(316)	(5,116)	424	92,292	91,135	97,322
Balance at 31 March 2019	43,401	(2,272)	158,916	6,418	16,455	4,523	931,841	1,118,153	1,159,282

The Company	Share capital	Treasury share	Reserves				Total reserves	Total equity
			Share premium	Share-based payment reserve	Contributed surplus	Retained earnings		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2019	43,401	(2,272)	158,916	6,418	67,239	221,701	454,274	495,403
Total comprehensive income for the year	-	-	-	-	-	115,296	115,296	115,296
Dividends paid	-	-	-	-	-	(112,776)	(112,776)	(112,776)
Issue of shares on exercise of share options	162	-	5,002	(1,673)	-	-	3,329	3,491
Share-based compensation	-	-	-	4,371	-	-	4,371	4,371
Changes in equity for the year	162	-	5,002	2,698	-	2,520	10,220	10,382
Balance at 31 March 2020	43,563	(2,272)	163,918	9,116	67,239	224,221	464,494	505,785
Balance at 1 April 2018	43,240	(8,298)	155,065	6,734	67,239	215,016	444,054	478,996
Total comprehensive income for the year	-	-	-	-	-	113,449	113,449	113,449
Dividends paid	-	-	-	-	-	(107,185)	(107,185)	(107,185)
Purchase of treasury shares	-	(3,884)	-	-	-	-	-	(3,884)
Issue of shares on exercise of share options	161	9,910	3,851	(4,498)	-	-	(647)	9,424
Share-based compensation	-	-	-	4,603	-	-	4,603	4,603
Lapse of share options	-	-	-	(421)	-	421	-	-
Changes in equity for the year	161	6,026	3,851	(316)	-	6,685	10,220	16,407
Balance at 31 March 2019	43,401	(2,272)	158,916	6,418	67,239	221,701	454,274	495,403

Note : 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.

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.

State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

SHARE CAPITAL

There were no changes in the Company's issued share capital during the period 1 October 2019 to 31 March 2020.

As at 31 March 2020, the number of ordinary shares in issue was 435,630,837 of which 630,000 were held by the Company as treasury shares (equivalent to 0.14% of the total number of issued shares excluding treasury shares of 435,000,837). The share capital was \$43.6 million.

As at 31 March 2019, the number of ordinary shares in issue was 434,008,337 of which 630,000 were held by the Company as treasury shares (equivalent to 0.15% of the total number of issued shares excluding treasury shares of 433,378,337). The share capital was \$43.4 million.

There was no subsidiary holding as at 31 March 2020 and 2019.

SHARE OPTIONS

As at 31 March 2020, the Company has the following outstanding share options:

Employee Share Option Scheme	Exercise Price	Balance as at 31.3.2019	Additions	Share options exercised	Balance as at 31.3.2020
(a) Incentive Options (Note 1)	S\$0.268*	27,500	-	-	27,500
	S\$0.379*	1,809,500	-	(1,622,500)	187,000
	S\$0.701	3,095,000	-	-	3,095,000
	S\$0.530	2,890,000	-	-	2,890,000
	S\$0.570	-	3,295,000	-	3,295,000
Total		7,822,000	3,295,000	(1,622,500)	9,494,500

As at 31 March 2019, the Company has the following outstanding share options:

Employee Share Option Scheme	Exercise Price	Balance as at 31.3.2018	Additions	Share options exercised	Lapsed	Balance as at 31.3.2019
(a) Incentive Options (Note 1)	S\$0.268*	3,767,500	-	(3,657,500)	(82,500)	27,500
	S\$0.379*	3,795,000	-	(1,677,500)	(308,000)	1,809,500
	S\$0.701	3,245,000	-	-	(150,000)	3,095,000
	S\$0.530	-	2,890,000	-	-	2,890,000
(b) Market Options (Note 2)	S\$0.474*	55,000	-	(55,000)	-	-
Total		10,862,500	2,890,000	(5,390,000)	(540,500)	7,822,000

* Following the completion of the 1-for-10 bonus issue on 5 June 2017, the number of outstanding share options held by each holder would be adjusted upward by 10% and their respective exercise prices would be adjusted downward by 10% as a result.

Notes:

- (1) The 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) The 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.

PERFORMANCE SHARE PLAN

The Company has no outstanding performance shares as at 31 March 2020 and 2019.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Total number of issued shares was 435,630,837 and 434,008,337 as at 31 March 2020 and 2019 respectively.

Total number of treasury shares was 630,000 as at 31 March 2020 and 2019.

Total number of issued shares (excluding treasury shares) was 435,000,837 and 433,378,337 as at 31 March 2020 and 2019 respectively.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial year reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during and at the end of the current financial year reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3(a) Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).

Not applicable.

3(b) Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in item 5 regarding the adoption of International Financial Reporting Standards ("IFRS") 16 "Leases" for the financial year beginning on 1 April 2019, there were no significant changes in accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited annual financial statements for the year ended 31 March 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group adopted IFRS 16 Leases that is effective for annual periods beginning on or after 1 January 2019.

The Group adopted the specific transitional approach and the comparative information for the year ended 31 March 2019 was not restated. All right-of-use assets have been measured at the amount of the leased liability (adjusted for any previously recognised prepaid or accrued lease expenses relating to that lease).

Under IFRS 16, qualifying lease payments were capitalized to the balance sheet as right-of-use assets and depreciated over the shorter of the lease term and the useful life of the right-of-use asset. The changes of net assets and net profit of the Group have been insignificant for the period ended 31 March 2020.

Leasees could present cash paid for the interest portion of lease liability as either operating activities or financing activities, as permitted by International Accounting Standard 7 Statement of Cash Flows. The Group has opted to include the interest paid as part of operating activities. Cash payments for the principal portion for lease liability are included in financing activities. The adoption of IFRS 16 did not have a material impact on net cash flows.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	The Group	
	Year ended 31 March 2020	Year ended 31 March 2019
Earnings per ordinary share based on the net profit for the year		
(a) Based on weighted average number of ordinary shares on issue; and	HK 41.2 cents	HK 46.2 cents
(b) On a fully diluted basis	HK 41.2 cents	HK 46.1 cents
Number of ordinary shares in issue (excluding treasury shares)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	434,375,776	431,535,927
Effect of potentially dilutive ordinary shares – Share options	233,117	771,350
Weighted average number of ordinary shares for the purpose of diluted earnings per share	434,608,893	432,307,277

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	The Group		The Company	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	HK dollar	HK dollar	HK dollar	HK dollar
Net asset value per ordinary share based on issued share capital excluding treasury shares at the end of the period:	2.8	2.7	1.2	1.1
Number of ordinary shares in issue excluding treasury shares	435,000,837	433,378,337	435,000,837	433,378,337

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Valuetronics is an Electronic Manufacturing Service ("EMS") provider, which focuses on the design and development of products that meet the ever-changing customers' needs. We are the preferred choice of some successful global companies involved in consumer electronics as well as industrial and commercial electronics products, with core competencies ranging from tool fabrication, injection moulding, metal stamping, machining, surface mount technology ("SMT") and finished product assembly on full turnkey basis.

The Group classified its EMS business into 2 reportable segments, namely consumer electronics products ("Consumer Electronics" or "CE") and industrial and commercial electronics products ("Industrial and Commercial Electronics" or "ICE").

Review – Full year results ended 31 March 2020 ("FY2020") vs Full year results ended 31 March 2019 ("FY2019")

Revenue

Revenue decreased by 16.8% or HK\$474.4 million from HK\$2,828.8 million in FY2019 to HK\$2,354.4 million in FY2020.

Industrial and Commercial Electronics revenue decreased by 13.7% to HK\$1,438.4 million (FY2019: HK\$1,667.6 million), which was mainly due to the slowdown in demand from our Industrial and Commercial Electronics customers.

Consumer Electronics revenue decreased by 21.1% to HK\$916.0 million (FY2019: HK\$1,161.2 million), which was mainly due to the slowdown in demand from our Consumer Electronics customers.

Gross profit and gross profit margin

Gross profit decreased by 15.7% to HK\$362.8 million (FY2019: HK\$430.3 million), while gross profit margin increased to 15.4% (FY2019: 15.2%) as the results of change in product sales mix during the year.

Other income

Other income decreased by 7.5% to HK\$24.7 million. Such decrease was mainly due to the increase in interest income, offset by the decrease in net exchange gains.

Selling and distribution expenses

Selling and distribution expenses decreased by 36.5% to HK\$26.3 million (FY2019: HK\$41.5 million), such decrease was mainly due to decrease in commission expenses as the result of decline in revenue, and the write back of provision for sales returns and claims amounted to HK\$4.3 million during the year.

Administrative expenses

Administrative expenses decreased by 7.4% to HK\$164.1 million (FY2019: HK\$177.2 million) under the cost control measures.

Net other operating loss

The HK\$13.6 million net other operating loss recorded in FY2019 represented the estimated net loss recognised in respect of flash floods that occurred in September 2018 at one of the Group's manufacturing plants, located in Danshui, PRC.

Profit for the year

As a result of the above, profit for the year decreased by 10.3% to HK\$178.9 million (FY2019: HK\$199.5 million).

Financial position and cash flows

As at 31 March 2020, the Group had net current assets of HK\$902.4 million (31 March 2019: HK\$850.5 million), total assets of HK\$2,013.5 million (31 March 2019: HK\$2,013.4 million) and shareholders' funds of HK\$1,231.6 million (31 March 2019: HK\$1,159.3 million).

The Group's trade receivables decreased by HK\$110.4 million from HK\$436.8 million as at 31 March 2019 to HK\$326.4 million as at 31 March 2020. The Group's trade payables decreased by HK\$100.3 million from HK\$391.5 million as at 31 March 2019 to HK\$291.2 million as at 31 March 2020. The Group's inventories decreased by HK\$74.1 million from HK\$302.0 million as at 31 March 2019 to HK\$227.9 million as at 31 March 2020.

The working capital of the Group as at 31 March 2020, which is the sum of trade receivables and inventories less trade payables, was HK\$263.1 million (31 March 2019: HK\$347.3 million). The decrease in net working capital, reflecting the movement in trade receivables, inventories and trade payables, was mainly due to better working capital management and decline in production in the last quarter of FY2020.

The Group had no bank borrowings as at 31 March 2020 (31 March 2019: Nil).

As at 31 March 2020, the Group had cash and bank deposits of HK\$1,053.1 million (31 March 2019: HK\$930.4 million). Over 92% of its cash and bank deposits were placed in reputable financial institutions in Hong Kong, UK and Singapore. The remaining balance of the cash and bank deposits, mainly in the PRC and Vietnam, were placed in reputable financial institutions. The cash and bank deposits are audited by the Group's auditors, PricewaterhouseCoopers.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

In view of the global COVID-19 pandemic, the escalating Sino-US trade tensions, and the overall global economic downturn, the Group is encountering the toughest business environment in its operating history.

As a result of the COVID-19 pandemic in China which surfaced in late January 2020, the Group's China factories deferred its original scheduled post Chinese New Year holiday resumption to mid-February in accordance with governmental decree. Stringent measures imposed by the provincial government such as screening the travel history of employees, and quarantine requirements for returning employees outside Guangdong province constrained the supply of manpower, leading to a slower than normal recovery of production capacity post Chinese New Year.

While the Group's China operations started to gradually normalise in mid-March 2020, the COVID-19 pandemic worsened in Europe and North America. Since then some of the Company's customers had temporarily shut down their operations in response to the mandatory social and economic "lockdowns" instituted by their respective governments. Such unprecedented measures had created an adverse demand-side shock which affected orders across all segments since March 2020.

In addition, the conflict between US and China over the origin of the pandemic is fanning broader tensions on trade and technology, and the Trump Administration continues to push US companies to move their supply chains out of China. For FY2020, approximately 39% of the Group's revenue was shipped to the US. Although the phase one trade deal was signed between China and the US in January 2020, a large majority of the Group's US shipment from China was still subject to tariffs ranging from 7.5% to 25%. This escalating trade tension has resulted in customers accelerating their diversified procurement strategies outside China. Several customers have indicated that they will start diversifying production between the Group's China plant and Vietnam plant; while some customers in the auto industry and Consumer Electronics segment have plans to switch over to other suppliers in North America to serve the US market in the financial year ended 31 March 2021 ("FY2021").

Meanwhile, the Group's expansion to Vietnam has progressed as planned. Following the commencement of mass production in June 2019 at the Group's first leased manufacturing facility in Hanoi, the Group has successfully launched trial production at its second facility located in the 4,000 square meters leased standard factory in May 2020. In November 2019, the Group signed a sub-lease agreement to acquire a land in an industrial park run by a Japanese group, with the total area of 52,541 square meters, for the development of the Group's own Vietnam campus which is expected to commence mass production by the last quarter of the financial year ended 31 March 2022 ("FY2022"). The new Vietnam campus together with the existing leased facilities, well positions the Group to cater to the evolving supply chain needs of customers. The CAPEX for the construction of Vietnam campus is estimated to be around HK\$200 million. It is intended that the construction cost be financed through internal resources with the Group's cash on hand of HK\$1,053 million as at 31 March 2020.

With COVID-19 pandemic and Sino-US trade tensions, the Group is facing an unprecedented crisis that is also affecting the entire world and making outlook for the FY2021 highly uncertain. Although a series of precautionary and control measures for lowering operating costs are being undertaken to mitigate the impact, the Group's FY2021 financial results are expected to be significantly lower compared with FY2020.

11. Dividend**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

Yes.

Name of Dividend	Interim	Final
Dividend Type	Cash	Cash
Dividend Amount per Share (in HK cents)	HK 6 cents per ordinary share	HK 14 cents per ordinary share
Tax Rate	Not applicable	Not applicable

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

Name of Dividend	Interim	Final	Special
Dividend Type	Cash	Cash	Cash
Dividend Amount per Share (in HK cents)	HK 5 cents per ordinary share	HK 15 cents per ordinary share	HK 5 cents per ordinary share
Tax Rate	Not applicable	Not applicable	Not applicable

(c) The date the dividend is payable

To be announced later.

(d) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined

To be announced later.

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. **Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

(a) Business segments

The Group has two reportable segments as follows:

Consumer – consumer electronics

Industrial – industrial and commercial electronics

Year ended 31 March 2020	Consumer	Industrial	Total
	HK\$'000	HK\$'000	HK\$'000
Segment revenue	916,084	1,438,358	2,354,442
Segment profit	97,151	250,076	347,227
Unallocated corporate expenses			(168,285)
Profit for the year			178,942

Year ended 31 March 2019	Consumer	Industrial	Total
	HK\$'000	HK\$'000	HK\$'000
Segment revenue	1,161,233	1,667,553	2,828,786
Segment profit	117,869	295,107	412,976
Unallocated corporate expenses			(213,496)
Profit for the year			199,480

(b) Geographical segments

Revenue of geographical segments of principal markets is analyzed by shipment destination.

	Year ended 31 March 2020	Year ended 31 March 2019
	HK\$'000	HK\$'000
United States of America	928,282	1,230,789
People's Republic of China	650,334	900,332
Poland	170,578	213,503
Indonesia	164,053	7,117
Hong Kong	94,334	80,085
Netherlands	83,937	51,452
France	40,303	41,235
South Korea	35,711	35,886
Germany	17,050	32,531
Other countries	169,860	235,856
Total	2,354,442	2,828,786

14. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to item 8 above.

15. A breakdown of sales.

	Year ended 31 March 2020 HK\$'000	Year ended 31 March 2019 HK\$'000	Change %
(a) Sales from operations reported for first half year	1,367,101	1,420,228	-3.7
(b) Operating profit after tax reported for first half year	104,094	93,977	10.8
(c) Sales from operations reported for second half year	987,341	1,408,558	-29.9
(d) Operating profit after tax reported for second half year	74,848	105,503	-29.1

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Year ended 31 March 2020	Year ended 31 March 2019
	HK\$'000	HK\$'000
Ordinary	87,000	108,345
Preference	N/A	N/A
Total:	87,000	108,345

17. If the Group has obtained a general mandate from shareholders for interested person transactions ("IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If not IPT mandate has been obtained, a statement to that effect.

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

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the prescribed format. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative to a director, chief executive officer or substantial shareholder of the Company.

19. Confirmation By the Company Pursuant to Rule 720(1) of the Listing Rules of Singapore Exchange Securities Trading Limited

The Company confirms that it has procured undertakings from all its Directors and Executive Officers pursuant to Rule 720(1) of the Listing Rules of the SGX-ST.

For and on behalf of the Board of Directors of
Valuetronics Holdings Limited

Tse Chong Hing
Chairman and Managing Director
3 June 2020

Chow Kok Kit
Executive Director