

VALUETRONICS HOLDINGS LIMITED

(Incorporated in Bermuda)

(Co. Reg. No: 38813)

SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014**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 Statement of Profit or Loss for the period ended 30 September 2014

	The Group			The Group		
	6 months ended 30 September			3 months ended 30 September		
	2014	2013	Change	2014	2013	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Revenue	1,254,248	1,243,257	0.9	627,628	632,024	-0.7
Cost of sales	(1,091,991)	(1,080,386)	1.1	(545,632)	(548,005)	-0.4
Gross profit	162,257	162,871	-0.4	81,996	84,019	-2.4
Other income	6,598	6,292	4.9	4,886	3,784	29.1
Selling and distribution costs	(19,603)	(22,383)	-12.4	(10,818)	(10,815)	0.0
Administrative expenses	(70,091)	(60,706)	15.5	(35,901)	(30,763)	16.7
Net other operating gains	938	75	1150.7	1,246	481	159.0
Profit from operations	80,099	86,149	-7.0	41,409	46,706	-11.3
Finance costs	(476)	(286)	66.4	(250)	(128)	95.3
Profit before tax	79,623	85,863	-7.3	41,159	46,578	-11.6
Income tax expense	(9,448)	(12,962)	-27.1	(4,843)	(6,951)	-30.3
Profit for the period	70,175	72,901	-3.7	36,316	39,627	-8.4
Attributable to:						
Owners of the Company	70,175	72,901	-3.7	36,316	39,627	-8.4

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the period ended 30 September 2014

	The Group			The Group		
	6 months ended 30 September			3 months ended 30 September		
	2014	2013	Change	2014	2013	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Profit for the period	70,175	72,901	-3.7	36,316	39,627	-8.4
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translating foreign operations	(1,555)	2,894	-153.7	2,655	2	NM
Other comprehensive income for the period, net of tax	(1,555)	2,894	-153.7	2,655	2	NM
Total comprehensive income for the period	68,620	75,795	-9.5	38,971	39,629	-1.7
Attributable to:						
Owners of the Company	68,620	75,795	-9.5	38,971	39,629	-1.7

Note:

NM : Not meaningful

Note:

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

	The Group		The Group	
	6 months ended 30 September		3 months ended 30 September	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation	18,519	20,501	9,248	9,959
Amortisation of land use rights	248	248	123	125
Gains on disposals of property, plant and equipment	(123)	(338)	(125)	(397)
Interest income	(1,477)	(726)	(1,042)	(510)
Bank charges	476	286	250	128
Net exchange gains	(1,781)	(1,381)	(1,374)	(483)
Net fair value gains on derivative financial instruments (Note 1)	(938)	(75)	(1,246)	(481)

Note 1: The Group entered into certain foreign exchange forward contracts to hedge against its exposure to Renminbi Dollar (last period: Renminbi and Singapore) during the period. The net fair value gains on derivative financial instruments represented the unrealised gains and mark-to-market values of these contracts as at period end date.

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 30 September 2014

	The Group		The Company	
	At 30.9.2014	At 31.3.2014	At 30.9.2014	At 31.3.2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS				
Non-current assets				
Land use rights	20,528	20,941	-	-
Property, plant and equipment	167,271	181,681	-	-
Investments in subsidiaries	-	-	83,330	83,330
Available-for-sale financial assets	7,949	11,789	-	-
Club membership, at cost	254	256	-	-
Total non-current assets	196,002	214,667	83,330	83,330
Current assets				
Inventories	248,801	198,874	-	-
Trade receivables	622,833	517,213	-	-
Land use rights	499	503	-	-
Prepayments, deposits and other receivables	19,472	12,340	117	175
Available-for-sale financial assets	3,810	-	-	-
Due from subsidiaries	-	-	140,358	209,885
Bank and cash balances	429,642	477,934	1,278	1,646
Total current assets	1,325,057	1,206,864	141,753	211,706
Total assets	1,521,059	1,421,531	225,083	295,036
EQUITY				
Share capital	37,473	36,838	37,473	36,838
Reserves	691,873	689,729	187,337	257,758
Equity attributable to owners of the Company	729,346	726,567	224,810	294,596
Total equity	729,346	726,567	224,810	294,596
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	2,627	2,627	-	-
Total non-current liabilities	2,627	2,627	-	-
Current liabilities				
Trade payables	427,355	354,022	-	-
Accruals, other payables and deposits received	329,059	314,060	273	440
Current tax liabilities	30,739	21,384	-	-
Derivative financial instruments	1,933	2,871	-	-
Total current liabilities	789,086	692,337	273	440
Total liabilities	791,713	694,964	273	440
Total equity and liabilities	1,521,059	1,421,531	225,083	295,036
Net current assets	535,971	514,527	141,480	211,266
Total assets less current liabilities	731,973	729,194	224,810	294,596

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

As at 30 September 2014		As at 31 March 2014	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 30 September 2014		As at 31 March 2014	
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 period ended 30 September 2014

	The Group		The Group	
	6 months ended 30 September		3 months ended 30 September	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash flows from operating activities				
Cash generated from operations:				
Profit before tax	79,623	85,863	41,159	46,578
Adjustments for :				
Equity-settled share-based payments	2,121	1,728	1,157	719
Depreciation	18,519	20,501	9,248	9,959
Amortisation of land use rights	248	248	123	125
Gains on disposals of property, plant and equipment	(123)	(338)	(125)	(397)
Interest income	(1,477)	(726)	(1,042)	(510)
Net fair value gains on derivative financial instruments	(938)	(75)	(1,246)	(481)
Cash settlement for the Awards granted	(616)	(175)	(616)	(175)
Operating profit before working capital changes	97,357	107,026	48,658	55,818
(Increase)/decrease in inventories	(49,927)	(87,797)	14,253	(8,369)
(Increase)/decrease in trade receivables	(105,620)	(145,965)	50,263	(20,438)
(Increase)/decrease in prepayments, deposits and other receivables	(7,132)	(5,967)	4,250	(894)
Increase/(decrease) in trade payables	73,333	224,802	(54,640)	(92,221)
Increase/(decrease) in accruals, other payables and deposits received	14,999	15,071	(5,447)	(5,250)
Cash generated from/(used in) operations	23,010	107,170	57,337	(71,354)
Income tax paid	(268)	(1,659)	-	(1,061)
Net cash generated from/(used in) operating activities	22,742	105,511	57,337	(72,415)
Cash flows from investing activities				
Purchase of property, plant and equipment	(4,940)	(17,687)	(2,728)	(13,285)
Proceeds from disposals of property, plant and equipment	154	397	140	397
Proceeds from disposals of available-for-sale financial assets	-	2,476	-	2,476
Interest received	1,477	726	1,042	510
Net cash used in investing activities	(3,309)	(14,088)	(1,546)	(9,902)
Cash flows from financing activities				
Dividend paid	(74,618)	(29,215)	(74,618)	(29,215)
Proceeds from shares issued in exercise of share options	7,272	4,017	6,561	4,017
Net cash used in financing activities	(67,346)	(25,198)	(68,057)	(25,198)
Net (decrease)/increase in cash and cash equivalents	(47,913)	66,225	(12,266)	(107,515)
Effect of foreign exchange rate changes	(379)	928	910	2
Cash and cash equivalents at beginning of the period	477,934	221,579	440,998	396,245
Cash and cash equivalents at end of the period	429,642	288,732	429,642	288,732

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

The Group	Attributable to the owners of the Company							Total equity
	Reserves							
	Share capital	Share premium	Share-based payment reserve	Translation reserve	Statutory reserve (Note)	Retained earnings	Total reserves	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2014	36,838	102,011	5,655	27,327	2,461	552,275	689,729	726,567
Total comprehensive income for the period	-	-	-	(1,555)	-	70,175	68,620	68,620
Dividend paid	-	-	-	-	-	(74,618)	(74,618)	(74,618)
Issue of shares on exercise of share options	635	6,637	-	-	-	-	6,637	7,272
Transfer of share premium upon exercise of share options	-	2,600	(2,600)	-	-	-	-	-
Cash settlement for the Awards granted	-	-	(616)	-	-	-	(616)	(616)
Lapsed of share-based payments	-	-	(158)	-	-	158	-	-
Share-based payments	-	-	2,121	-	-	-	2,121	2,121
Changes in equity for the period	635	9,237	(1,253)	(1,555)	-	(4,285)	2,144	2,779
Balance at 30 September 2014	37,473	111,248	4,402	25,772	2,461	547,990	691,873	729,346
Balance at 1 April 2013	36,004	91,867	6,649	22,753	1,596	433,358	556,223	592,227
Total comprehensive income for the period	-	-	-	2,894	-	72,901	75,795	75,795
Dividend paid	-	-	-	-	-	(29,215)	(29,215)	(29,215)
Issue of shares on exercise of share options	515	5,167	(1,665)	-	-	-	3,502	4,017
Cash settlement for the Awards granted	-	-	(175)	-	-	-	(175)	(175)
Share-based payments	-	-	1,728	-	-	-	1,728	1,728
Changes in equity for the period	515	5,167	(112)	2,894	-	43,686	51,635	52,150
Balance at 30 September 2013	36,519	97,034	6,537	25,647	1,596	477,044	607,858	644,377

The Company	Reserves						Total equity
	Share capital	Share premium	Share-based payment reserve	Contributed surplus	Retained earnings	Total reserves	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2014	36,838	102,011	5,655	67,239	82,853	257,758	294,596
Total comprehensive income for the period	-	-	-	-	(3,945)	(3,945)	(3,945)
Dividend paid	-	-	-	-	(74,618)	(74,618)	(74,618)
Issue of shares on exercise of share options	635	6,637	-	-	-	6,637	7,272
Transfer to share premium upon exercise of share options	-	2,600	(2,600)	-	-	-	-
Cash settlement for the Awards granted	-	-	(616)	-	-	(616)	(616)
Lapsed of share-based payments	-	-	(158)	-	158	-	-
Share-based payments	-	-	2,121	-	-	2,121	2,121
Changes in equity for the period	635	9,237	(1,253)	-	(78,405)	(70,421)	(69,786)
Balance at 30 September 2014	37,473	111,248	4,402	67,239	4,448	187,337	224,810
Balance at 1 April 2013	36,004	91,867	6,649	67,239	31,046	196,801	232,805
Total comprehensive income for the period	-	-	-	-	(2,964)	(2,964)	(2,964)
Dividend paid	-	-	-	-	(29,215)	(29,215)	(29,215)
Issue of shares on exercise of share options	515	5,167	(1,665)	-	-	3,502	4,017
Cash settlement for the Awards granted	-	-	(175)	-	-	(175)	(175)
Share-based payments	-	-	1,728	-	-	1,728	1,728
Changes in equity for the period	515	5,167	(112)	-	(32,179)	(27,124)	(26,609)
Balance at 30 September 2013	36,519	97,034	6,537	67,239	(1,133)	169,677	206,196

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, repurchase of shares, 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

Refer to 1(d)(iii) for the movement of share capital.

SHARE OPTIONS

As at 30 September 2014, the Company has the following outstanding share options:

Employee Share Option Scheme	Exercise Price	Balance as at 31.3.2014	Additions	Share options exercised	Lapsed	Balance as at 30.9.2014
(a) Incentive Options (Note 1)	S\$0.150	850,000	-	(850,000)	-	-
	S\$0.160	50,000	-	(50,000)	-	-
	S\$0.174	2,712,500	-	(2,250,000)	-	462,500
	S\$0.201	4,800,000	-	(2,600,000)	-	2,200,000
	S\$0.162	5,100,000	-	-	(50,000)	5,050,000
	S\$0.406	-	6,000,000	-	-	6,000,000
(b) Market Options (Note 2)	S\$0.215	200,000	-	(200,000)	-	-
	S\$0.184	400,000	-	(400,000)	-	-
Total		14,112,500	6,000,000	(6,350,000)	(50,000)	13,712,500

As at 30 September 2013, the Company has the following outstanding share options:

Employee Share Option Scheme	Exercise Price	Balance as at 31.3.2013	Additions	Share options exercised	Lapsed	Balance as at 30.9.2013
(a) Incentive Options (Note 1)	S\$0.144	1,200,000	-	(1,200,000)	-	-
	S\$0.105	2,500,000	-	(2,500,000)	-	-
	S\$0.150	2,400,000	-	(1,200,000)	-	1,200,000
	S\$0.160	1,150,000	-	(250,000)	-	900,000
	S\$0.174	4,900,000	-	-	-	4,900,000
	S\$0.201	5,400,000	-	-	-	5,400,000
	S\$0.162	-	5,500,000	-	-	5,500,000
(b) Market Options (Note 2)	S\$0.215	200,000	-	-	-	200,000
	S\$0.184	400,000	-	-	-	400,000
Total		18,150,000	5,500,000	(5,150,000)	-	18,500,000

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

As at 30 September 2014, the Company has the following outstanding Performance Shares:

Date of grant	Outstanding at 31.3.2014	Granted	Awarded	Lapsed	Outstanding at 30.9.2014
15 August 2013	700,000	-	(588,000)	(112,000)	-
Total	700,000	-	(588,000)	(112,000)	-

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 (excluding treasury shares)

As at 31 March 2014	368,376,250
Issuance and allotment of shares pursuant to:	
- Employee Share Option Scheme on 29 May 2014	600,000
- Employee Share Option Scheme on 22 July 2014	4,112,500
- Employee Share Option Scheme on 18 Aug 2014	1,637,500
As at 30 September 2014	<u>374,726,250</u>

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period 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. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

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.

The Group has applied the same 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 2014. The adoption of the new and revised IFRSs, which are effective for the financial period beginning on 1 April 2014, did not result in significant changes to the Group's accounting policies or have any material impact on the Group's and the Company's financial statements.

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.

Not applicable.

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	
	6 months ended 30 September 2014	6 months ended 30 September 2013
Earnings per ordinary share based on the net profit for the period (a) Based on weighted average number of ordinary shares on issue; and (b) On a fully diluted basis	HK 18.9 cents HK 18.9 cents	HK 20.1 cents HK 20.1 cents
Number of ordinary shares in issue (excluding treasury shares)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	370,775,362	362,205,690
Effect of potentially dilutive ordinary shares – Share options	744,784	557,690
Weighted average number of ordinary shares for the purpose of diluted earnings per share	371,520,146	362,763,380

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	
	30.09.2014	31.03.2014	30.09.2014	31.03.2014
	HK cents	HK cents	HK cents	HK cents
Net asset value per ordinary share based on issued share capital excluding treasury shares at the end of the period:	194.6	197.2	60.0	80.0
Number of ordinary shares in issue excluding treasury shares	374,726,250	368,376,250	374,726,250	368,376,250

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”) and industrial and commercial electronics products (“Industrial and Commercial”).

Review – 3 months ended 30 September 2014 (“Q2 FY2015”) vs 3 months ended 30 September 2013 (“Q2 FY2014”)**Revenue**

Revenue dropped marginally by 0.7% or HK\$4.4 million from HK\$632.0 million in Q2 FY2014 to HK\$627.6 million in Q2 FY2015.

Industrial and Commercial Electronics revenue increased by 24.9% to HK\$225.2 million (Q2 FY2014: HK\$180.3 million). Such increase was mainly contributed by the increase in demand from some of our Industrial and Commercial Electronics customers.

Consumer Electronics revenue decreased by 10.9% to HK\$402.4 million (Q2 FY2014: HK\$451.7 million), mainly contributed by the slowdown in demand from some of our Consumer Electronics customers.

Gross profit and gross profit margin

Gross profit decreased by 2.4% to HK\$82.0 million (Q2 FY2014: HK\$84.0 million) and gross profit margin remained stable at 13.1% (Q2 FY2014: 13.3%).

Other income

Other income increased by 29.1% to HK\$4.9 million. Such increase was mainly due to the increase in net exchange gain and interest received.

Selling and distribution costs

Selling and distribution costs was HK\$10.8 million (Q2 FY2014: HK\$10.8 million).

Administrative expenses

Administrative expenses increased by 16.7% to HK\$35.9 million. Such increase was mainly due to the increase in staff costs.

Profit for the period

As a result of the above, the net profit for the period decreased by 8.4% to HK\$36.3 million (Q2 FY2014: HK\$39.6 million).

Review – 6 months ended 30 September 2014 (“1H FY2015”) vs 6 months ended 30 September 2013 (“1H FY2014”)**Revenue**

Revenue slightly increased by 0.9% or HK\$10.9 million from HK\$1,243.3 million in 1H FY2014 to HK\$1,254.2 million in 1H FY2015.

Industrial and Commercial Electronics revenue increased by 30.6% to HK\$467.9 million (1H FY2014: HK\$358.3 million), mainly attributed to the increase in demand from some of our Industrial and Commercial Electronics customers.

Consumer Electronics revenue decreased by 11.2% to HK\$786.3 million (1H FY2014: HK\$885.0 million), mainly contributed by the slowdown in demand from some of our Consumer Electronics customers.

Gross profit and gross profit margin

Gross profit decreased by 0.4% to HK\$162.3 million (1H FY2014: HK\$162.9 million) and gross profit margin remained stable at 12.9% (1H FY2014: 13.1%).

Other income

Other income increased by 4.9% to HK\$6.6 million. Such increase was mainly due to the increase in net exchange gain and interest received.

Selling and distribution costs

Selling and distribution costs decreased by 12.4% to HK\$19.6 million. Such decrease was mainly due to strict control in marketing expenses.

Administrative expenses

Administrative expenses increased by 15.5% to HK\$70.1 million. Such increase was mainly due to the increase in staff costs.

Profit for the period

As a result of the above, the net profit for the period decreased by 3.7% to HK\$70.2 million (1H FY2014: HK\$72.9 million).

Financial position and cash flows

As at 30 September 2014, the Group had net current assets of HK\$536.0 million (31 March 2014: HK\$514.5 million), total assets of HK\$1,521.1 million (31 March 2014: HK\$1,421.5 million) and shareholders' funds of HK\$729.3 million (31 March 2014: HK\$726.6 million).

The Group's trade receivables increased by HK\$105.6 million from HK\$517.2 million as at 31 March 2014 to HK\$622.8 million as at 30 September 2014. The Group's trade payables increased by HK\$73.4 million from HK\$354.0 million as at 31 March 2014 to HK\$427.4 million as at 30 September 2014. The Group's inventories increased by HK\$49.9 million from HK\$198.9 million as at 31 March 2014 to HK\$248.8 million as at 30 September 2014.

The working capital of the Group as at 30 September 2014, which is the sum of trade receivables and inventories less trade payables, was HK\$444.2 million (31 March 2014: HK\$362.1 million). These changes are in line with the sales mix during the period.

As at 30 September 2014, the Group had cash and cash equivalents of HK\$429.6 million (31 March 2014: HK\$477.9 million) following the distribution of cash dividend of HK\$74.6 million during the period. Over 82.0% of its cash and cash equivalents were placed in reputable financial institutions in Hong Kong. For the remaining balance, mainly in PRC, the cash and cash equivalents were placed in equivalent reputable financial institutions. The cash and cash equivalents are annually audited by the Group's auditors.

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.

During Q2 FY2015, the Group continued to benefit from the growth and visibility of demand from our Industrial and Commercial Electronics customer portfolio.

The Group however did not see growth in the Consumer Electronics segment as the business conditions in this segment continued to remain challenging, in particular the LED lighting business. Customers in this segment continued their aggressive pricing strategies in introducing lower priced products, and such trend is not likely to be reversed in the near future. Besides cutting prices, some brand owners in the LED lighting business are also making plans for major restructuring of their business activities in the light of the challenging business economics.

During Q2 FY2015, the Group encountered further price pressure from Consumer Electronics customers, especially for LED lighting products which are under intense pricing competition. Such price pressure has resulted in and will continue to have an adverse impact on the Group's margin which cannot be fully offset by greater in-house operational efficiency and supply chain productivity.

To mitigate margin erosion in the Consumer Electronics segment further affecting the Group's overall performance, Valuetronics will stay alert amidst fast changing trends and proactively manage our reliance on this segment.

Group-wide, we will continue to remain vigilant in monitoring market developments, continuing our efforts in improving our fundamentals, which include our design and development capabilities, production efficiencies and inventory management.

Barring unforeseen circumstances the directors expect the Group to remain profitable for the financial year.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been declared / recommended for Q2 FY2015.

- 13. 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.

- 14. Confirmation By Directors Pursuant to Clause 705(5) of the Listing Manual of SGX-ST**

We, Tse Chong Hing and Chow Kok Kit, being two of the Directors of Valuetronics Holdings Limited (the “Company”), confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the period ended 30 September 2014 to be false or misleading in any material aspect.

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

Tse Chong Hing
Chairman and Managing Director
5 November 2014

Chow Kok Kit
Executive Director