

**VALUETRONICS HOLDINGS LIMITED**

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

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

**A. CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

	Note	The Group		
		6 months ended 30 September		
		2023 (Unaudited)	2022 (Unaudited)	Change
		HK\$'000	HK\$'000	%
<b>Revenue</b>	6	891,349	1,051,545	-15.2
Cost of sales		(752,456)	(920,318)	-18.2
<b>Gross profit</b>		<b>138,893</b>	<b>131,227</b>	<b>5.8</b>
Selling and distribution expenses		(10,476)	(12,058)	-13.1
Administrative expenses		(65,876)	(66,677)	-1.2
Other income and gains, net		28,831	12,929	123.0
<b>Operating profit</b>		<b>91,372</b>	<b>65,421</b>	<b>39.7</b>
Finance costs		(233)	(250)	-6.8
<b>Profit before income tax</b>		<b>91,139</b>	<b>65,171</b>	<b>39.8</b>
Income tax expense	9	(9,002)	(7,315)	23.1
<b>Profit for the period</b>		<b>82,137</b>	<b>57,856</b>	<b>42.0</b>
<b>Attributable to:</b>				
Owners of the Company		82,137	57,856	42.0
<b>Earnings per share for profit attributable to owners of the Company for the period</b>				
		HK cents	HK cents	
- Basic	10	19.8	13.5	46.7
- Diluted	10	19.8	13.5	46.7

**B. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

	The Group		
	6 months ended 30 September		
	2023 (Unaudited)	2022 (Unaudited)	Change
	HK\$'000	HK\$'000	%
<b>Profit for the period</b>	<b>82,137</b>	<b>57,856</b>	<b>42.0</b>
<b>Other comprehensive loss, net of tax:</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Currency translation differences	(10,390)	(15,620)	NM
<b>Total comprehensive income for the period</b>	<b>71,747</b>	<b>42,236</b>	<b>69.9</b>
<b>Attributable to:</b>			
Owners of the Company	71,747	42,236	69.9

**Note:**

NM: Not meaningful

**C. CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023**

	Note	The Group		The Company	
		At 30.9.2023 (Unaudited)	At 31.3.2023 (Audited)	At 30.9.2023 (Unaudited)	At 31.3.2023 (Audited)
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	266,087	286,039	-	-
Right-of-use assets		41,339	42,909	-	-
Investment in subsidiaries		-	-	83,330	83,330
Financial assets at fair value through profit or loss	7	21,200	22,200	-	-
Other non-current assets		25,022	18,009	-	-
<b>Total non-current assets</b>		<b>353,648</b>	<b>369,157</b>	<b>83,330</b>	<b>83,330</b>
<b>Current assets</b>					
Inventories		187,525	203,625	-	-
Trade receivables		384,982	463,811	-	-
Other receivables		10,313	6,845	-	-
Prepayments and other current assets		28,853	22,535	242	314
Due from subsidiaries		-	-	420,529	468,987
Cash and cash equivalents		1,143,167	1,009,930	1,822	3,795
<b>Total current assets</b>		<b>1,754,840</b>	<b>1,706,746</b>	<b>422,593</b>	<b>473,096</b>
<b>Total assets</b>		<b>2,108,488</b>	<b>2,075,903</b>	<b>505,923</b>	<b>556,426</b>
<b>EQUITY</b>					
Share capital	14	43,563	43,563	43,563	43,563
Treasury shares		(65,935)	(64,504)	(65,935)	(64,504)
Reserves		1,389,346	1,382,936	527,866	576,902
<b>Total equity</b>		<b>1,366,974</b>	<b>1,361,995</b>	<b>505,494</b>	<b>555,961</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Deferred income tax liabilities		474	474	-	-
<b>Total non-current liabilities</b>		<b>474</b>	<b>474</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>					
Trade payables		291,201	233,565	-	-
Other payables and accruals		363,655	397,681	429	465
Contract liabilities		29,216	30,553	-	-
Current income tax liabilities		56,968	51,635	-	-
<b>Total current liabilities</b>		<b>741,040</b>	<b>713,434</b>	<b>429</b>	<b>465</b>
<b>Total liabilities</b>		<b>741,514</b>	<b>713,908</b>	<b>429</b>	<b>465</b>
<b>Total equity and liabilities</b>		<b>2,108,488</b>	<b>2,075,903</b>	<b>505,923</b>	<b>556,426</b>
<b>Net current assets</b>		<b>1,013,800</b>	<b>993,312</b>	<b>422,164</b>	<b>472,631</b>
<b>Total assets less current liabilities</b>		<b>1,367,448</b>	<b>1,362,469</b>	<b>505,494</b>	<b>555,961</b>

**D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

(Unaudited)  The Group	Attributable to the owners of the Company								
	Reserves						Retained earnings	Total reserves	Total equity
	Share capital	Treasury share	Share premium	Share-based payment reserve	Currency translation reserve	Statutory reserve			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 April 2023	43,563	(64,504)	164,515	16,768	3,495	5,506	1,192,652	1,382,936	1,361,995
Total comprehensive income for the period	-	-	-	-	(10,390)	-	82,137	71,747	71,747
Dividends paid (note 11)	-	-	-	-	-	-	(66,209)	(66,209)	(66,209)
Purchase of treasury shares	-	(1,431)	-	-	-	-	-	-	(1,431)
Share-based compensation	-	-	-	872	-	-	-	872	872
Changes in equity for the period	-	(1,431)	-	872	(10,390)	-	15,928	6,410	4,979
<b>Balance at 30 September 2023</b>	<b>43,563</b>	<b>(65,935)</b>	<b>164,515</b>	<b>17,640</b>	<b>(6,895)</b>	<b>5,506</b>	<b>1,208,580</b>	<b>1,389,346</b>	<b>1,366,974</b>
Balance at 1 April 2022	43,563	(11,138)	164,515	15,000	22,669	5,244	1,128,750	1,336,178	1,368,603
Total comprehensive income for the period	-	-	-	-	(15,620)	-	57,856	42,236	42,236
Dividends paid (note 11)	-	-	-	-	-	-	(42,669)	(42,669)	(42,669)
Purchase of treasury shares	-	(31,449)	-	-	-	-	-	-	(31,449)
Share-based compensation	-	-	-	1,384	-	-	-	1,384	1,384
Forfeiture of share option	-	-	-	(413)	-	-	413	-	-
Changes in equity for the period	-	(31,449)	-	971	(15,620)	-	15,600	951	(30,498)
<b>Balance at 30 September 2022</b>	<b>43,563</b>	<b>(42,587)</b>	<b>164,515</b>	<b>15,971</b>	<b>7,049</b>	<b>5,244</b>	<b>1,144,350</b>	<b>1,337,129</b>	<b>1,338,105</b>

**D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023 (CONT'D)**

(Unaudited)  The Company	Reserves							
	Share capital	Treasury Share	Share premium	Share-based payment reserve	Contributed surplus	Retained earnings	Total reserves	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2023	43,563	(64,504)	164,515	16,768	67,239	328,380	576,902	555,961
Total comprehensive income for the period	-	-	-	-	-	16,301	16,301	16,301
Dividends paid (note 11)	-	-	-	-	-	(66,209)	(66,209)	(66,209)
Purchase of treasury shares	-	(1,431)	-	-	-	-	-	(1,431)
Share-based compensation	-	-	-	872	-	-	872	872
Changes in equity for the period	-	(1,431)	-	872	-	(49,908)	(49,036)	(50,467)
<b>Balance at 30 September 2023</b>	<b>43,563</b>	<b>(65,935)</b>	<b>164,515</b>	<b>17,640</b>	<b>67,239</b>	<b>278,472</b>	<b>527,866</b>	<b>505,494</b>
Balance at 1 April 2022	43,563	(11,138)	164,515	15,000	67,239	291,392	538,146	570,571
Total comprehensive income for the period	-	-	-	-	-	9,545	9,545	9,545
Dividends paid (note 11)	-	-	-	-	-	(42,669)	(42,669)	(42,669)
Purchase of treasury shares	-	(31,449)	-	-	-	-	-	(31,449)
Share-based compensation	-	-	-	1,384	-	-	1,384	1,384
Forfeiture of share option	-	-	-	(413)	-	413	-	-
Changes in equity for the period	-	(31,449)	-	971	-	(32,711)	(31,740)	(63,189)
<b>Balance at 30 September 2022</b>	<b>43,563</b>	<b>(42,587)</b>	<b>164,515</b>	<b>15,971</b>	<b>67,239</b>	<b>258,681</b>	<b>506,406</b>	<b>507,382</b>

**E. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

	The Group	
	6 months ended 30 September	
	2023 (Unaudited)	2022 (Unaudited)
	HK\$'000	HK\$'000
<b>Cash flows from operating activities</b>		
Profit before income tax	91,139	65,171
Adjustments for :		
Depreciation of the right-of-use assets	548	1,084
Depreciation on property, plant and equipment	22,789	29,234
Gain on disposals of property, plant and equipment	(3)	(380)
Share-based compensation	872	1,384
Interest income, net	(25,640)	(5,439)
	<b>89,705</b>	<b>91,054</b>
Changes in working capital:		
Inventories	16,100	13,639
Trade receivables	78,829	(8,973)
Other receivables	(3,468)	2,271
Prepayments and other current assets	(7,535)	(2,906)
Trade payables	57,636	52,504
Other payables and accruals	(34,026)	(11,026)
Contract liabilities	(1,337)	1,581
<b>Net cash generated from operations</b>	<b>195,904</b>	<b>138,144</b>
Income tax paid	(2,767)	(449)
<b>Net cash generated from operating activities</b>	<b>193,137</b>	<b>137,695</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(14,134)	(24,999)
Proceeds from disposals of property, plant and equipment	478	406
Interest received	25,640	5,439
<b>Net cash generated from / (used in) investing activities</b>	<b>11,984</b>	<b>(19,154)</b>
<b>Cash flows from financing activities</b>		
Dividend paid	(66,209)	(42,669)
Purchase of treasury shares	(1,431)	(31,449)
<b>Net cash used in financing activities</b>	<b>(67,640)</b>	<b>(74,118)</b>
<b>Net increase in cash and cash equivalents</b>	<b>137,481</b>	<b>44,423</b>
Effect of foreign exchange rate changes	(4,244)	(1,777)
<b>Cash and cash equivalents at beginning of the period</b>	<b>1,009,930</b>	<b>936,665</b>
<b>Cash and cash equivalents at end of the period</b>	<b>1,143,167</b>	<b>979,311</b>

## F. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### 1 Corporate information

Valuetronics Holdings Limited (the "Company") (Registration number: 38813) was incorporated in Bermuda on 18 August 2006 under the Companies Act 1981 of Bermuda as an exempted company with limited liability. The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda. The address of its principal place of business is Unit 9-11, 7/F., Technology Park, No. 18 On Lai Street, Shatin, New Territories, Hong Kong. The Company's shares are listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). These condensed interim consolidated financial statements as at and for the six months ended 30 September 2023 comprise the Company and its subsidiaries (collectively, the Group). The Group is a vertically integrated Electronics Manufacturing Services ("EMS") provider.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in Note 16 to the annual financial statements for the year ended 31 March 2023.

These condensed interim consolidated financial statements have been presented in thousands of HK dollar ("HK\$") unless otherwise stated.

The condensed interim consolidated financial statements have not been audited or reviewed by the Company's auditors.

### 2 Basis of preparation

The condensed interim consolidated financial statements for the six months ended 30 September 2023 has been prepared in accordance with IAS 34, "Interim financial reporting". The condensed interim financial statements do not include all the information required for a complete set of financial statements. Accordingly, the condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2023, which have been prepared in accordance with the International Financial Reporting Standards ("IFRSs").

### 3 Accounting policies

In addition to those described below, the accounting policies applied are consistent with those of the annual financial statements for the financial year ended 31 March 2023, as described in those annual financial statements.

#### (a) Adoption of new and amended standards

The Group has adopted the following new/revised standards and amendments to standards which are mandatory for the financial year beginning on or after 1 April 2023:

IFRS 17	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform — Pillar Two Model Rules

The adoption of the above does not have any significant impact to the results and financial position of the Group and the Company.

## F. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### 3 Accounting policies (Continued)

#### (b) New standards and interpretations not yet effective

The following are new standards and amendments to existing standards that have been published and are relevant and mandatory for the Group's accounting periods beginning on or after 1 April 2024 or later periods, but have not been early adopted by the Group.

IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information <sup>(1)</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>(1)</sup>
Amendments to IAS 1	Non-current Liabilities with Covenants <sup>(1)</sup>
Amendments to IAS 7 and IFRS 7	Supplier finance <sup>(1)</sup>
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback <sup>(1)</sup>
Amendments to IAS 21	Lack of Exchangeability <sup>(2)</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>(3)</sup>

(1) Effective for the accounting period beginning on or after 1 April 2024

(2) Effective for the accounting period beginning on or after 1 April 2025

(3) Effective date to be determined

### 4 Estimates

The preparation of condensed interim consolidated financial statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were mostly same as those that applied to the consolidated financial statements for the year ended 31 March 2023.

### 5 Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk.

The condensed interim consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2023.

There have been no significant changes in any risk management policies since the year ended 31 March 2023.



**F. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**6 Revenue and segment information**

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

During the period the Group has two reportable segments as follows:

- Consumer Electronics – consumer electronics products
- Industrial and Commercial Electronics – industrial and commercial electronics products

(Unaudited)	<b>Consumer Electronics</b> HK\$'000	<b>Industrial and Commercial Electronics</b> HK\$'000	<b>Total</b> HK\$'000
<b>For the six months ended 30 September 2023</b>			
Revenue (from external customers)	234,758	656,591	891,349
Timing of revenue recognition			
- at a point in time	234,731	651,356	886,087
- over time	27	5,235	5,262
Segment profit	19,868	114,927	134,795
 (Unaudited)			
<b>For the six months ended 30 September 2022</b>			
Revenue (from external customers)	246,089	805,456	1,051,545
Timing of revenue recognition			
- at a point in time	246,089	803,373	1,049,462
- over time	-	2,083	2,083
Segment profit	16,216	112,370	128,586

**F. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**6 Revenue and segment information (Continued)**

The revenue from external parties reported is measured in a manner consistent with that in the condensed interim consolidated income statement.

Reconciliation of segment profit to profit for the period:

	For the six months ended 30 September	
	2023	2022
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Segment profit	134,795	128,586
Unallocated corporate (expenses) / income		
- staff costs	(56,731)	(56,472)
- income tax expense	(9,002)	(7,315)
- others	13,075	(6,943)
Profit for the period	<u>82,137</u>	<u>57,856</u>

Geographical information:

	Revenue		Non-current assets (other than financial instruments)	
	For the six months ended 30 September		As at 30 September 2023	As at 31 March 2023
	2023	2022	(Unaudited) HK\$'000	(Audited) HK\$'000
	(Unaudited) HK\$'000	(Unaudited) HK\$'000		
United States of America	328,340	440,529	-	-
People's Republic of China (the "PRC")	174,428	161,217	107,816	120,127
Poland	88,778	100,735	-	-
Taiwan	69,764	16,677	-	-
Hong Kong	59,776	97,878	14,459	14,876
Netherlands	53,104	60,784	-	-
France	42,087	6,391	-	-
Indonesia	19,758	60,249	-	-
Canada	14,008	41,127	-	-
South Korea	4,194	11,777	-	-
Germany	3,975	3,138	-	-
Vietnam	-	-	210,173	211,954
Other countries	33,137	51,043	-	-
Total	<u>891,349</u>	<u>1,051,545</u>	<u>332,448</u>	<u>346,957</u>

## F. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### 7 Fair value measurement of financial instruments

The table below analyses the Group's financial instruments carried at fair value as at 30 September 2023 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>At 30 September 2023</b>				
<b>(Unaudited)</b>				
Financial assets at fair value through profit or loss("FVPL")	-	-	21,200	21,200
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>At 31 March 2023 (Audited)</b>				
Financial assets at FVPL	-	-	22,200	22,200
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

There were no transfers between different levels during the six months ended 30 September 2023.

The carrying amounts of the Group's current financial assets including cash and cash equivalents, and trade and other receivables, and the Group's current financial liabilities including trade and other payables, approximate their fair values.

### 8 Profit before taxation

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

	For the six months ended	
	2023	2022
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>Income</b>		
Interest income	(25,640)	(5,439)
<b>Expenses</b>		
Depreciation on property, plant and equipment	22,789	29,234
Depreciation of right-of-use assets	548	1,084
Finance costs	233	250
<b>Other income and gains, net</b>		
Gain on disposal of property, plant and equipment	(3)	(380)
Net exchange gains	(1,420)	(3,060)

**F. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**9 Income tax expense**

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated income statement are:

	For the six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Current tax charge		
- Hong Kong profits tax	9,002	6,700
- PRC enterprise income tax	-	615
Deferred tax credit	-	-
	<u>9,002</u>	<u>7,315</u>

**10 Earnings per share**

	For the six months ended 30 September	
	2023 (Unaudited)	2022 (Unaudited)
Earnings per ordinary share based on the net profit for the period (HK cents)		
- Based on weighted average number of ordinary shares on issue	19.8	13.5
- On a fully diluted basis	19.8	13.5
Number of ordinary shares in issue (excluding treasury shares)		
- Weighted average number of ordinary shares for the purpose of basic earnings per share	413,821,109	428,107,266
- Effect of potentially dilutive ordinary shares – Share options	338,226	115,218
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>414,159,335</u>	<u>428,222,484</u>

**F. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**11 Dividends**

	For the six months ended	
	30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Final dividend attributable to the previous financial year, paid of HK\$16.0 cents (for the six months ended 30 September 2022: HK\$10.0 cents) per ordinary share	66,209	42,669

**(a) Current Financial Period Reported On**

Name of Dividend	Interim	Special
Dividend Type	Cash	Cash
Dividend Amount per Share (in HK cents)	HK 4 cents per ordinary share	HK 4 cents per ordinary share
Tax Rate	Not applicable	Not applicable

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in HK cents)	HK 4 cents per ordinary share
Tax Rate	Not applicable

**(c) Date payable**

The interim dividend and special dividend will be paid on 1 December 2023.

**(d) Books closure date**

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 24 November 2023 for the preparation of dividend warrants.

Duly completed and registrable transfers received by the Company's Share Transfer Agent, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, up to the close of business at 5.00 p.m. on 23 November 2023 will be registered to determine shareholders' entitlements to the interim dividend and special dividend.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 23 November 2023 will be entitled to the interim dividend and special dividend.

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

Not applicable.

**F. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**12 Net asset value**

	The Group		The Company	
	As at 30 September 2023	As at 31 March 2023	As at 30 September 2023	As at 31 March 2023
	(Unaudited) HK\$	(Audited) HK\$	(Unaudited) HK\$	(Audited) HK\$
Net asset value per ordinary share based on issued share capital excluding treasury shares at the end of the period	3.3	3.3	1.2	1.3
Number of ordinary shares in issue excluding treasury shares	413,435,637	413,906,337	413,435,637	413,906,337

**13 Property, plant and equipment**

During the six months ended 30 September 2023, the additions to property, plant and equipment of the Group was HK\$8,328,000 (corresponding period in 2022: HK\$30,147,000).

**14 Share capital**

There were no changes in the Company's issued share capital during the period 1 April 2023 to 30 September 2023. During the six months ended 30 September 2023, the Company had bought back an aggregate of 470,700 shares, which have been held as treasury shares.

As at 30 September 2023, the number of ordinary shares in issue was 435,630,837 of which 22,195,200 were held by the Company as treasury shares (equivalent to 5.37% of the total number of issued shares excluding treasury shares of 413,435,637). The share capital was HK\$43.6 million.

As at 31 March 2023, the number of ordinary shares in issue was 435,630,837 of which 21,724,500 were held by the Company as treasury shares (equivalent to 5.25% of the total number of issued shares excluding treasury shares of 413,906,337). The share capital was HK\$43.6 million.

As at 30 September 2022, the number of ordinary shares in issue was 435,630,837 of which 15,232,900 were held by the Company as treasury shares (equivalent to 3.62% of the total number of issued shares excluding treasury shares of 420,397,937). The share capital was HK\$43.6 million.

There was no subsidiary holding as at 30 September 2023, 31 March 2023 and 30 September 2022.

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

**(a) Share options**

As at 30 September 2023, the Company has the following outstanding share options:

<u>Employee Share Option Scheme</u>	<u>Exercise Price</u>	<u>As at 31 March 2023</u> (Audited)	<u>Additions</u>	<u>As at 30 September 2023</u> (Unaudited)
Incentive Options	S\$0.268*#	27,500	-	27,500
	S\$0.379*#	132,000	-	132,000
	S\$0.701#	2,770,000	-	2,770,000
	S\$0.530#	2,165,000	-	2,165,000
	S\$0.570#	2,990,000	-	2,990,000
	S\$0.460#	2,400,000	-	2,400,000
	S\$0.530	1,890,000	-	1,890,000
	S\$0.490	1,300,000	-	1,300,000
	S\$0.518	-	1,800,000	1,800,000
Total		13,674,500	1,800,000	15,474,500

## F. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### 14 Share capital (Continued)

#### (a) Share options (Continued)

As at 30 September 2022, the Company has the following outstanding share options:

<u>Employee Share Option Scheme</u>	<u>Exercise Price</u>	<u>As at 31 March 2022</u> (Audited)	<u>Share options forfeited</u>	<u>As at 30 September 2022</u> (Unaudited)
Incentive Options	S\$0.268*#	27,500	-	27,500
	S\$0.379*#	132,000	-	132,000
	S\$0.701#	2,895,000	(75,000)	2,820,000
	S\$0.530#	2,245,000	(50,000)	2,195,000
	S\$0.570#	3,095,000	(75,000)	3,020,000
	S\$0.460#	2,400,000	-	2,400,000
	S\$0.530	1,890,000	-	1,890,000
Total		12,684,500	(200,000)	12,484,500

\* 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.

# 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.

#### (b) Performance share plan

The Company has no outstanding performance shares as at 30 September 2023, 31 March 2023 and 30 September 2022.

### 15 Capital commitments

The Group has the following capital commitments at the end of the financial period:

	<u>As at 30 September 2023</u> (Unaudited) HK\$'000	<u>As at 31 March 2023</u> (Audited) HK\$'000
Acquisition of property, plant and equipment - contracted but not provided for	2,307	3,863

### 16 Related party transactions

In addition to those disclosed elsewhere in these financial statements, the following is a summary of significant related party transactions entered into between the Group and its related parties and the balances arising from related party transactions in the ordinary course of business and negotiated on terms mutually agreed with these related parties.

**F. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**16 Related party transactions (Continued)**

**(a) Transactions with related parties:**

	The Group	
	For the six months ended 30 September	
	2023	2022
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Purchases of goods from		
- Nicecon Limited (note)	-	-
Purchases of services from		
- Concord Building Co., Ltd (note)	-	160

**(b) Balances with related parties:**

	The Group	
	As at 30 September 2023	As at 31 March 2023
	(Unaudited) HK\$'000	(Audited) HK\$'000
Trade payables		
- Nicecon Limited (note)	-	-
Other payables and accruals		
- Concord Building Co., Ltd (note)	-	-

Note: beneficially owned by brothers of executive directors of the Company.

**17 Aggregate amount of group's borrowings and debt securities**

**(a) Amount repayable in one year or less, or on demand**

<b>As at 30 September 2023</b>		<b>As at 31 March 2023</b>	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
Nil	Nil	Nil	Nil

**(b) Amount repayable after one year**

<b>As at 30 September 2023</b>		<b>As at 31 March 2023</b>	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
Nil	Nil	Nil	Nil

**(c) Details of any collateral**

None.

**18 Subsequent event**

There is no known subsequent event which has led to adjustment on this set of condensed interim consolidated financial statements.



## G. OTHER INFORMATION

- 1 **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 – 6 months ended 30 September 2023 ("1H FY2024") vs 6 months ended 30 September 2022 ("1H FY2023")**

#### **Revenue**

Revenue decreased by 15.2% or HK\$160.2 million from HK\$1,051.5 million in 1H FY2023 to HK\$891.3 million in 1H FY2024.

Industrial and Commercial Electronics revenue decreased by 18.5% to HK\$656.6 million (1H FY2023: HK\$805.5 million), which was mainly due to the decrease in demand from some of our ICE customers, and partially offset by revenue contribution from new customers.

Consumer Electronics revenue decreased by 4.6% to HK\$234.7 million (1H FY2023: HK\$246.0 million), which was mainly due to the softening demand in end-markets.

#### **Gross profit and gross profit margin**

Gross profit increased by 5.8% to HK\$138.9 million (1H FY2023: HK\$131.2 million) while gross profit margin increased to 15.6% (1H FY2023: 12.5%), primarily attributed to a reduction in material costs, stemming from the relief of component shortage issues. Additionally, direct labour costs in China have decreased due to a more stable labour supply and the depreciation of the Renminbi.

#### **Other income and gains, net**

Other income increased by 123.0% to HK\$28.8 million (1H FY2023: HK\$12.9 million), which was mainly due to the increase in interest income in which US Fed lifted the interest rate.

#### **Selling and distribution expenses**

Selling and distribution expenses decreased by 13.1% to HK\$10.5 million (1H FY2023: HK\$12.1 million), which was in line with the decrease in revenue.

#### **Administrative expenses**

Administrative expenses decreased by 1.2% to HK\$65.9 million (1H FY2023: HK\$66.7 million).

#### **Profit for the period**

As a result of the above, the net profit for the period increased by 42.0% to HK\$82.1 million (1H FY2023: HK\$57.9 million).

## G. OTHER INFORMATION (CONT'D)

### Financial position and cash flows

As at 30 September 2023, the Group had net current assets of HK\$1,013.8 million (31 March 2023: HK\$993.3 million), total assets of HK\$2,108.5 million (31 March 2023: HK\$2,075.9 million) and shareholders' funds of HK\$1,367.0 million (31 March 2023: HK\$1,362.0 million).

The Group's trade receivables decreased by HK\$78.8 million from HK\$463.8 million as at 31 March 2023 to HK\$385.0 million as at 30 September 2023. The Group's trade payables increased by HK\$57.6 million from HK\$233.6 million as at 31 March 2023 to HK\$291.2 million as at 30 September 2023. The Group's inventories decreased by HK\$16.1 million from HK\$203.6 million as at 31 March 2023 to HK\$187.5 million as at 30 September 2023.

The working capital of the Group as at 30 September 2023, which is the sum of trade receivables and inventories less trade payables, was HK\$281.3 million (31 March 2023: HK\$433.8 million). The decrease in net working capital, reflecting the movement in trade receivables, inventories and trade payables, was mainly due to the reduce in revenue and better working capital management

The Group had no bank borrowings as at 30 September 2023 (31 March 2023: Nil).

As at 30 September 2023, the Group had cash and cash equivalents of HK\$1,143.2 million (31 March 2023: HK\$1,009.9 million). Over 98% of its cash and cash equivalents were placed in reputable financial institutions in Hong Kong and Singapore. For the remaining balance, mainly in PRC and Vietnam, 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, PricewaterhouseCoopers.

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

Not applicable. No forecast or prospect statement was previously disclosed to shareholders.

**3 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 as the Group's latest audited financial statements for the financial year ended 31 March 2023 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

## G. OTHER INFORMATION (CONT'D)

### 4 **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 operating period and the next 12 months**

While the operating environment during this period has remained challenging, certain macroeconomic factors have favoured the Group's cost dynamics. The visibility of component supply chain has greatly improved, leading to a more stable cost of materials; direct labour costs and manufacturing overheads in China have improved following the depreciation of the Renminbi. These factors have collectively contributed to an improved gross profit margin for the Group. Additionally, rising interest rates have also had a positive impact by boosting the Group's interest income.

Meanwhile, challenges from macro environment, such as high inflation and rising geopolitical tensions, are continuously shaking business confidence and leading to a weakening revenue contribution from some of the Group's customers. The Group has been working closely with those affected customers to mitigate the risks associated with the depressing macro environment for a prolonged period of time.

Despite the prevailing challenges, the Group's strategic efforts to diversify its customer base have yielded positive results. Customers that were acquired last year, including a hardware provider for retail chain stores, and a customer providing cooling solutions for high performance computing environments, are now making revenue contributions in the current period.

The trial production of the two customers newly acquired earlier this year, which includes a customer supplying electronic products to leading global entertainment conglomerate; and a network access solutions provider based in Canada, is on schedule, and initial shipments are expected in the second half of this year, with full year revenue contribution in the financial year ending on 31 March 2025 ("FY2025").

These new customers come from industries different from the Group's existing customers, underscoring the Group's ability to successfully expand into new sectors. This revenue diversification positions the Group well to better withstand the challenging macroeconomic environment. Nevertheless, further growing these customers through new projects allocation will take time. Therefore, in the short term, their contribution to revenue may not be substantial enough to fully compensate for the revenue decline from existing customers due to the global economic slowdown.

While the Group's half year results illustrate its resilience in effectively navigating through challenging economic conditions, considerable uncertainty surrounding the global economy poses a potential risk of pushing some developed economies into a recession. In response to these challenges, the Group remains committed to prioritising customer acquisition efforts and will continue to leverage its Vietnam solution to cater to new business opportunities, emphasising diversification as a strategic imperative. Barring unforeseen circumstances, the Company expects to remain profitable for FY2024.

To increase shareholders' value and improve the return on equity of the Group, a HK\$250 million Share Buyback Program was announced on 28 February 2022. Since then, HK\$68 million has been utilised to repurchase an aggregate of 22 million company shares. The Group intends to continue with the Share Buyback Program.

The Board of Directors would like to declare an interim dividend of HKD 4 cents per share. In addition, a special interim dividend of HKD 4 cents per share is also declared to reward shareholders for continuous support on the Group by sharing the improved interest income, which the Group has earned (due to the higher interest rate environment) during this interim period.

- 5 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) of the Listing Manual of Singapore Exchange Securities Trading Limited (“SGX-ST”). If not IPT mandate has been obtained, a statement to that effect.**

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

- 6 Confirmation by the Company Pursuant to Rule 720(1) of the Listing Manual of SGX-ST**

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.

**CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL OF SGX-ST**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the condensed interim consolidated financial statements for the half year ended 30 September 2023 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*  
9 November 2023

**Chow Kok Kit**  
*Executive Director*