

**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 2015****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 2015**

	The Group			The Group		
	6 months ended 30 September			3 months ended 30 September		
	2015	2014	Change	2015	2014	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
<b>Revenue</b>	1,076,577	1,254,248	-14.2	526,540	627,628	-16.1
Cost of sales	(921,075)	(1,091,991)	-15.7	(449,499)	(545,632)	-17.6
<b>Gross profit</b>	<b>155,502</b>	<b>162,257</b>	<b>-4.2</b>	<b>77,041</b>	<b>81,996</b>	<b>-6.0</b>
Other income	2,369	6,598	-64.1	515	4,886	-89.5
Selling and distribution costs	(12,474)	(19,603)	-36.4	(3,994)	(10,818)	-63.1
Administrative expenses	(71,776)	(70,091)	2.4	(36,485)	(35,901)	1.6
Net other operating gains/(losses)	1,169	938	24.6	(364)	1,246	NM
<b>Profit from operations</b>	<b>74,790</b>	<b>80,099</b>	<b>-6.6</b>	<b>36,713</b>	<b>41,409</b>	<b>-11.3</b>
Finance costs	(415)	(476)	-12.8	(181)	(250)	-27.6
<b>Profit before tax</b>	<b>74,375</b>	<b>79,623</b>	<b>-6.6</b>	<b>36,532</b>	<b>41,159</b>	<b>-11.2</b>
Income tax expense	(8,688)	(9,448)	-8.0	(4,329)	(4,843)	-10.6
<b>Profit for the period</b>	<b>65,687</b>	<b>70,175</b>	<b>-6.4</b>	<b>32,203</b>	<b>36,316</b>	<b>-11.3</b>
<b>Attributable to:</b>						
Owners of the Company	65,687	70,175	-6.4	32,203	36,316	-11.3

Note:

NM : Not meaningful

**Consolidated Statement of Profit or Loss and Other Comprehensive Income for the period ended 30 September 2015**

	The Group			The Group		
	6 months ended 30 September			3 months ended 30 September		
	2015	2014	Change	2015	2014	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
<b>Profit for the period</b>	<b>65,687</b>	<b>70,175</b>	<b>-6.4</b>	<b>32,203</b>	<b>36,316</b>	<b>-11.3</b>
<b>Other comprehensive income:</b>						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translating foreign operations	(2,706)	(1,555)	74.0	(2,706)	2,655	NM
<b>Other comprehensive income for the period, net of tax</b>	<b>(2,706)</b>	<b>(1,555)</b>	<b>74.0</b>	<b>(2,706)</b>	<b>2,655</b>	<b>NM</b>
<b>Total comprehensive income for the period</b>	<b>62,981</b>	<b>68,620</b>	<b>-8.2</b>	<b>29,497</b>	<b>38,971</b>	<b>-24.3</b>
<b>Attributable to:</b>						
Owners of the Company	62,981	68,620	-8.2	29,497	38,971	-24.3

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	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation	19,329	18,519	9,714	9,248
Amortisation of land use rights	246	248	123	123
(Gains)/losses on disposals of property, plant and equipment	(330)	(123)	189	(125)
Interest income	(2,142)	(1,477)	(1,529)	(1,042)
Bank charges	415	476	181	250
Net exchange losses/(gains)	1,236	(1,781)	1,494	(1,374)
Net fair value (gains)/losses on derivative financial instruments (Note 1)	(1,169)	(938)	364	(1,246)

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

**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 2015**

	The Group		The Company	
	At 30.9.2015	At 31.3.2015	At 30.9.2015	At 31.3.2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Land use rights	19,241	19,959	-	-
Property, plant and equipment	170,534	171,628	-	-
Investments in subsidiaries	-	-	83,330	83,330
Available-for-sale financial assets	74,465	59,267	-	-
Club membership, at cost	244	250	-	-
<b>Total non-current assets</b>	<b>264,484</b>	<b>251,104</b>	<b>83,330</b>	<b>83,330</b>
<b>Current assets</b>				
Inventories	200,666	221,946	-	-
Trade receivables	468,228	516,966	-	-
Land use rights	479	491	-	-
Prepayments, deposits and other receivables	23,724	18,742	107	175
Available-for-sale financial assets	11,885	7,590	-	-
Due from subsidiaries	-	-	213,547	288,152
Bank and cash balances	518,396	505,847	2,555	284
<b>Total current assets</b>	<b>1,223,378</b>	<b>1,271,582</b>	<b>216,209</b>	<b>288,611</b>
<b>Total assets</b>	<b>1,487,862</b>	<b>1,522,686</b>	<b>299,539</b>	<b>371,941</b>
<b>EQUITY</b>				
Share capital	38,014	37,473	38,014	37,473
Reserves	766,269	771,070	261,230	334,080
<b>Equity attributable to owners of the Company</b>	<b>804,283</b>	<b>808,543</b>	<b>299,244</b>	<b>371,553</b>
<b>Total equity</b>	<b>804,283</b>	<b>808,543</b>	<b>299,244</b>	<b>371,553</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Deferred tax liabilities	1,629	1,629	-	-
<b>Total non-current liabilities</b>	<b>1,629</b>	<b>1,629</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Trade payables	314,529	347,393	-	-
Accruals, other payables and deposits received	334,212	335,794	295	388
Current tax liabilities	32,498	27,447	-	-
Derivative financial instruments	711	1,880	-	-
<b>Total current liabilities</b>	<b>681,950</b>	<b>712,514</b>	<b>295</b>	<b>388</b>
<b>Total liabilities</b>	<b>683,579</b>	<b>714,143</b>	<b>295</b>	<b>388</b>
<b>Total equity and liabilities</b>	<b>1,487,862</b>	<b>1,522,686</b>	<b>299,539</b>	<b>371,941</b>
<b>Net current assets</b>	<b>541,428</b>	<b>559,068</b>	<b>215,914</b>	<b>288,223</b>
<b>Total assets less current liabilities</b>	<b>805,912</b>	<b>810,172</b>	<b>299,244</b>	<b>371,553</b>

**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 2015		As at 31 March 2015	
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 2015		As at 31 March 2015	
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 2015**

	The Group		The Group	
	6 months ended 30 September		3 months ended 30 September	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Cash flows from operating activities</b>				
Cash generated from operations:				
Profit before tax	74,375	79,623	36,532	41,159
Adjustments for :				
Equity-settled share-based payments	2,823	2,121	1,571	1,157
Depreciation	19,329	18,519	9,714	9,248
Amortisation of land use rights	246	248	123	123
(Gains)/losses on disposals of property, plant and equipment	(330)	(123)	189	(125)
Interest income	(2,142)	(1,477)	(1,529)	(1,042)
Net fair value (gains)/losses on derivative financial instruments	(1,169)	(938)	364	(1,246)
Cash settlement for the Awards granted	-	(616)	-	(616)
<b>Operating profit before working capital changes</b>	<b>93,132</b>	<b>97,357</b>	<b>46,964</b>	<b>48,658</b>
Decrease/(increase) in inventories	21,280	(49,927)	35,570	14,253
Decrease/(increase) in trade receivables	48,738	(105,620)	48,367	50,263
(Increase)/decrease in prepayments, deposits and other receivables	(5,246)	(7,132)	25,804	4,250
(Decrease)/increase in trade payables	(32,864)	73,333	(63,265)	(54,640)
(Decrease)/increase in accruals, other payables and deposits received	(1,332)	14,999	(32,181)	(5,447)
<b>Cash generated from operations</b>	<b>123,708</b>	<b>23,010</b>	<b>61,259</b>	<b>57,337</b>
Income tax paid	(3,070)	(268)	-	-
<b>Net cash generated from operating activities</b>	<b>120,638</b>	<b>22,742</b>	<b>61,259</b>	<b>57,337</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(20,739)	(4,940)	(12,031)	(2,728)
Proceeds from disposals of property, plant and equipment	870	154	236	140
Purchase of available-for-sale financial assets	(23,243)	-	-	-
Proceeds from redemption of available-for-sale financial assets	3,750	-	3,750	-
Interest received	2,142	1,477	1,529	1,042
<b>Net cash used in investing activities</b>	<b>(37,220)</b>	<b>(3,309)</b>	<b>(6,516)</b>	<b>(1,546)</b>
<b>Cash flows from financing activities</b>				
Dividend paid	(75,478)	(74,618)	(75,478)	(74,618)
Proceeds from shares issued in exercise of share options	5,414	7,272	5,414	6,561
<b>Net cash used in financing activities</b>	<b>(70,064)</b>	<b>(67,346)</b>	<b>(70,064)</b>	<b>(68,057)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>13,354</b>	<b>(47,913)</b>	<b>(15,321)</b>	<b>(12,266)</b>
<b>Effect of foreign exchange rate changes</b>	<b>(805)</b>	<b>(379)</b>	<b>(659)</b>	<b>910</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>505,847</b>	<b>477,934</b>	<b>534,376</b>	<b>440,998</b>
<b>Cash and cash equivalents at end of the period</b>	<b>518,396</b>	<b>429,642</b>	<b>518,396</b>	<b>429,642</b>

**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							
	Reserves							Total equity
	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 2015	37,473	112,471	5,808	23,333	2,873	626,585	771,070	808,543
Total comprehensive income for the period	-	-	-	(2,706)	-	65,687	62,981	62,981
Dividend paid	-	-	-	-	-	(75,478)	(75,478)	(75,478)
Issue of shares on exercise of share options	541	4,873	-	-	-	-	4,873	5,414
Transfer of share premium upon exercise of share options	-	3,178	(3,178)	-	-	-	-	-
Lapsed of share-based payments	-	-	(137)	-	-	137	-	-
Share-based payments	-	-	2,823	-	-	-	2,823	2,823
Changes in equity for the period	541	8,051	(492)	(2,706)	-	(9,654)	(4,801)	(4,260)
<b>Balance at 30 September 2015</b>	<b>38,014</b>	<b>120,522</b>	<b>5,316</b>	<b>20,627</b>	<b>2,873</b>	<b>616,931</b>	<b>766,269</b>	<b>804,283</b>
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
<b>Balance at 30 September 2014</b>	<b>37,473</b>	<b>111,248</b>	<b>4,402</b>	<b>25,772</b>	<b>2,461</b>	<b>547,990</b>	<b>691,873</b>	<b>729,346</b>

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 2015	37,473	112,471	5,808	67,239	148,562	334,080	371,553
Total comprehensive income for the period	-	-	-	-	(5,068)	(5,068)	(5,068)
Dividend paid	-	-	-	-	(75,478)	(75,478)	(75,478)
Issue of shares on exercise of share options	541	4,873	-	-	-	4,873	5,414
Transfer to share premium upon exercise of share options	-	3,178	(3,178)	-	-	-	-
Cash settlement for the Awards granted	-	-	-	-	-	-	-
Lapsed of share-based payments	-	-	(137)	-	137	-	-
Share-based payments	-	-	2,823	-	-	2,823	2,823
Changes in equity for the period	541	8,051	(492)	-	(80,409)	(72,850)	(72,309)
<b>Balance at 30 September 2015</b>	<b>38,014</b>	<b>120,522</b>	<b>5,316</b>	<b>67,239</b>	<b>68,153</b>	<b>261,230</b>	<b>299,244</b>
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)
<b>Balance at 30 September 2014</b>	<b>37,473</b>	<b>111,248</b>	<b>4,402</b>	<b>67,239</b>	<b>4,448</b>	<b>187,337</b>	<b>224,810</b>

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 2015, the Company has the following outstanding share options:

Employee Share Option Scheme	Exercise Price	Balance as at 31.3.2015	Additions	Share options exercised	Lapsed	Balance as at 30.9.2015
(a) Incentive Options (Note 1)	S\$0.174	462,500	-	(462,500)	-	-
	S\$0.201	2,200,000	-	(2,200,000)	-	-
	S\$0.162	5,050,000	-	(2,750,000)	(100,000)	2,200,000
	S\$0.406	6,000,000	-	-	(150,000)	5,850,000
	S\$0.295	-	6,500,000	-	-	6,500,000
Total		13,712,500	6,500,000	(5,412,500)	(250,000)	14,550,000

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

### 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 have not outstanding performance shares as at 30 September 2015 and 31 March 2015.



**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 2015	374,726,250
Issuance and allotment of shares pursuant to:	
- Employee Share Option Scheme on 27 July 2015	2,662,500
- Employee Share Option Scheme on 17 Aug 2015	<u>2,750,000</u>
As at 30 September 2015	380,138,750

**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 2015. The adoption of the new and revised IFRSs, which are effective for the financial period beginning on 1 April 2015, 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 2015	6 months ended 30 September 2014
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 17.5 cents HK 17.4 cents	HK 18.9 cents HK 18.9 cents
Number of ordinary shares in issue (excluding treasury shares)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	376,362,725	370,775,362
Effect of potentially dilutive ordinary shares – Share options	1,277,678	744,784
Weighted average number of ordinary shares for the purpose of diluted earnings per share	377,640,403	371,520,146

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	
	30.09.2015	31.03.2015	30.09.2015	31.03.2015
	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:	211.6	215.8	78.7	99.2
Number of ordinary shares in issue excluding treasury shares	380,138,750	374,726,250	380,138,750	374,726,250

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 2015 (“Q2 FY2016”) vs 3 months ended 30 September 2014 (“Q2 FY2015”)****Revenue**

Revenue decreased by 16.1% or HK\$101.1 million from HK\$627.6 million in Q2 FY2015 to HK\$526.5 million in Q2 FY2016.

Industrial and Commercial Electronics revenue increased by 27.7% to HK\$287.5 million (Q2 FY2015: HK\$225.2 million). Such increase was mainly contributed by the increase in demand from some of our existing and new Industrial and Commercial Electronics customers.

Consumer Electronics revenue decreased by 40.6% to HK\$239.0 million (Q2 FY2015: HK\$402.4 million), which was mainly due to the slowdown in demand from our Consumer Electronics customers in the LED lighting business.

**Gross profit and gross profit margin**

Gross profit decreased by 6.0% to HK\$77.0 million (Q2 FY2015: HK\$82.0 million), however gross profit margin improved to 14.6% (Q2 FY2015: 13.1%). Improved gross profit margin was mainly due to the change in product sales mix during the period.

**Other income**

Other income decreased by 89.5% to HK\$0.5 million. Such decrease was mainly due to recognition of exchange losses with respect to the depreciation of Renminbi during the period.

**Selling and distribution costs**

Selling and distribution costs decreased by 63.1% to HK\$4.0 million. Such decrease was mainly due to strict control in marketing expenses and write-back of provision for sales warranties amounted to HK\$3.4 million.

**Administrative expenses**

Administrative expenses was HK\$36.5 million (Q2 FY2015: HK\$35.9 million).

**Profit for the period**

As a result of the above, the net profit for the period decreased by 11.3% to HK\$32.2 million (Q2 FY2015: HK\$36.3 million).

**Review – 6 months ended 30 September 2015 (“1H FY2016”) vs 6 months ended 30 September 2014 (“1H FY2015”)****Revenue**

Revenue decreased by 14.2% or HK\$177.6 million from HK\$1,254.2 million in 1H FY2015 to HK\$1,076.6 million in 1H FY2016.

Industrial and Commercial Electronics revenue increased by 19.1% to HK\$557.4 million (1H FY2015: HK\$467.9 million), mainly attributed to the increase in demand from some of our existing and new Industrial and Commercial customers.

Consumer Electronics revenue decreased by 34.0% to HK\$519.2 million (1H FY2015: HK\$786.3 million), which was mainly due to the slowdown in demand from our Consumer Electronics customers in the LED lighting business.

**Gross profit and gross profit margin**

Gross profit decreased by 4.2% to HK\$155.5 million (1H FY2015: HK\$162.3 million), however gross profit margin improved to 14.4% (1H FY2015: 12.9%). Improved gross profit margin was mainly due to the change in product sales mix during the period.

**Other income**

Other income decreased by 64.1% to HK\$2.4 million. Such decrease was mainly due to recognition of exchange losses with respect to the depreciation of Renminbi during the period.

**Selling and distribution costs**

Selling and distribution costs decreased by 36.4% to HK\$12.5 million. Such decrease was mainly due to strict control in marketing expenses and write-back of provision for sales warranties amounted to HK\$3.4 million.

**Administrative expenses**

Administrative expenses was HK\$71.8 million (1H FY2015: HK\$70.1 million).

**Profit for the period**

As a result of the above, the net profit for the period decreased by 6.4% to HK\$65.7 million (1H FY2015: HK\$70.2 million).

**Financial position and cash flows**

As at 30 September 2015, the Group had net current assets of HK\$541.4 million (31 March 2015: HK\$559.1 million), total assets of HK\$1,487.9 million (31 March 2015: HK\$1,522.7 million) and shareholders' funds of HK\$804.3 million (31 March 2015: HK\$808.5 million).

The Group's trade receivables decreased by HK\$48.8 million from HK\$517.0 million as at 31 March 2015 to HK\$468.2 million as at 30 September 2015. The Group's trade payables decreased by HK\$32.9 million from HK\$347.4 million as at 31 March 2015 to HK\$314.5 million as at 30 September 2015. The Group's inventories decreased by HK\$21.2 million from HK\$221.9 million as at 31 March 2015 to HK\$200.7 million as at 30 September 2015.

The working capital of the Group as at 30 September 2015, which is the sum of trade receivables and inventories less trade payables, was HK\$354.4 million (31 March 2015: HK\$391.5 million). The decrease in net working capital, reflecting the movement in trade receivables, inventories and trade payables, was inline with the drop in revenue during the period.

With the strong free cash flow generated by the Group, total cash increased from HK\$505.8 million as at 31 March 2015 to HK\$518.4 million as at 30 September 2015 after the distribution of cash dividend of HK\$75.5 million during the period. Over 93% 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 FY2016, Valuetronics continued to benefit from the strong performance in the Industrial and Commercial Electronics ("ICE") segment, which mitigated the decline in Consumer Electronics ("CE") revenue, in particular the LED lighting products. Overall gross profit margin improved slightly with increased weightage in ICE segment. Our working capital remained healthy with operating activities generating positive operating cash flow.

Within CE segment, revenue contribution from LED lighting products continued to decrease rapidly during the period as over 90% of these products accelerated to their end-of-life stage. Our dependence on LED lighting products will cease. Going forward, our CE revenue will comprise predominantly consumer lifestyle products.

ICE segment continue to achieve double digit growth during the period with revenue growth from some of our existing customers as well as new revenue stream from the production of electronic products for automotive industry, a new business opportunity that offers potential for further growth. The Group's quality management system had earlier been accredited with the TS16949 standard which is a prerequisite for participating supply chain of automotive industry.

While we are well positioned to take advantage of a widened product portfolio and opportunities in the pipeline, we remain mindful on the constraints placed on the overall business environment which may result from a stronger US dollar and a further slowdown in China's economy. Barring unforeseen circumstances, the directors expect the Group to remain profitable for the financial year ended 31 March 2016.

**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 FY2016.

- 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 2015 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*  
13 November 2015

**Chow Kok Kit**  
*Executive Director*