

VALUETRONICS HOLDINGS LIMITED

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

THIRD QUARTER AND NINE MONTHS FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2017

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

Consolidated Income Statement for the period ended 31 December 2017

	The Group			The Group		
	9 months ended 31 December			3 months ended 31 December		
	2017	2016	Change	2017	2016	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Revenue	2,209,696	1,638,785	34.8	788,319	587,608	34.2
Cost of sales	(1,886,807)	(1,387,625)	36.0	(674,614)	(496,586)	35.9
Gross profit	322,889	251,160	28.6	113,705	91,022	24.9
Selling and distribution expenses	(30,396)	(23,102)	31.6	(12,130)	(8,155)	48.7
Administrative expenses	(121,713)	(108,953)	11.7	(39,573)	(35,703)	10.8
Other income and gains, net	9,902	7,549	31.2	5,171	2,157	139.7
Operating profit	180,682	126,654	42.7	67,173	49,321	36.2
Finance costs	(526)	(498)	5.6	(145)	(176)	-17.6
Profit before income tax	180,156	126,156	42.8	67,028	49,145	36.4
Income tax expense	(22,409)	(15,645)	43.2	(8,847)	(6,278)	40.9
Profit for the period	157,747	110,511	42.7	58,181	42,867	35.7
Attributable to:						
Owners of the Company	157,747	110,511	42.7	58,181	42,867	35.7

Consolidated Statement of Comprehensive Income for the period ended 31 December 2017

	The Group			The Group		
	9 months ended 31 December			3 months ended 31 December		
	2017	2016	Change	2017	2016	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Profit for the period	157,747	110,511	42.7	58,181	42,867	35.7
Other comprehensive gain / (loss), net of tax:						
<i>Items that may be reclassified to profit or loss:</i>						
Currency translation differences	4,125	(4,755)	-186.8	641	(2,913)	-122.0
Total comprehensive income for the period	161,872	105,756	53.1	58,822	39,954	47.2
Attributable to:						
Owners of the Company	161,872	105,756	53.1	58,822	39,954	47.2

Note:

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

	The Group		The Group	
	9 months ended 31 December		3 months ended 31 December	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation on property, plant and equipment	26,830	23,478	10,567	7,117
Amortisation of land use rights	337	335	115	104
Gains on disposals of property, plant and equipment	(515)	(295)	(175)	(11)
Interest income	(7,122)	(5,449)	(2,405)	(1,835)
Bank charges	526	498	145	176
Net exchange (gains) / losses	(532)	184	(2,116)	304

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

Statements of Financial Position as at 31 December 2017

	The Group		The Company	
	At 31.12.2017	At 31.3.2017	At 31.12.2017	At 31.3.2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS				
Non-current assets				
Land use rights	18,030	17,443	-	-
Property, plant and equipment*	204,960	157,133	-	-
Interests in subsidiaries	-	-	83,330	83,330
Available-for-sale financial assets	50,430	17,142	-	-
Others	6,770	16,161	-	-
Total non-current assets	280,190	207,879	83,330	83,330
Current assets				
Inventories	448,360	291,864	-	-
Trade receivables	696,441	486,275	-	-
Other receivables and prepayments	35,498	29,296	324	328
Due from subsidiaries	-	-	277,956	366,439
Available-for-sale financial assets	31,418	54,762	-	-
Cash and cash equivalents	640,354	752,941	430	1,760
Total current assets	1,852,071	1,615,138	278,710	368,527
Total assets	2,132,261	1,823,017	362,040	451,857
EQUITY				
Share capital	43,240	38,439	43,240	38,439
Treasury shares	(8,298)	(8,268)	(8,298)	(8,268)
Reserves	975,516	908,403	326,719	421,232
Total equity	1,010,458	938,574	361,661	451,403
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities	3,294	3,294	-	-
Total non-current liabilities	3,294	3,294	-	-
Current liabilities				
Trade payables	644,503	484,708	-	-
Other payables and accruals	420,998	365,849	379	454
Current income tax liabilities	53,008	30,592	-	-
Total current liabilities	1,118,509	881,149	379	454
Total liabilities	1,121,803	884,443	379	454
Total equity and liabilities	2,132,261	1,823,017	362,040	451,857
Net current assets	733,562	733,989	278,331	368,073
Total assets less current liabilities	1,013,752	941,868	361,661	451,403

*The increase in property, plant and equipment mainly represented additions of SMT line and shop floor Manufacturing Execution System.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31 December 2017		As at 31 March 2017	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 31 December 2017		As at 31 March 2017	
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 31 December 2017

	The Group		The Group	
	9 months ended 31 December		3 months ended 31 December	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash flows from operating activities				
Profit before income tax	180,156	126,156	67,028	49,145
Adjustments for :				
Amortisation of land use rights	337	335	115	104
Depreciation on property, plant and equipment	26,830	23,478	10,567	7,117
Gains on disposals of property, plant and equipment	(515)	(295)	(175)	(11)
Share-based compensation	4,236	4,903	1,290	2,046
Interest income	(7,122)	(5,449)	(2,405)	(1,835)
	203,922	149,128	76,420	56,566
Changes in working capital:				
Increase in inventories	(156,496)	(115,769)	(32,006)	(46,645)
Increase in trade receivables	(210,166)	(146,391)	(107,651)	(33,738)
(Increase) / decrease in prepayments, deposits and other receivables	(6,202)	(18,674)	2,312	(10,685)
Increase in trade payables	159,795	182,535	59,644	42,755
Increase in accruals, other payables and deposits received	55,149	8,097	46,185	13,365
Net cash generated from operations	46,002	58,926	44,904	21,618
Income tax paid	(377)	(1,844)	-	(921)
Net cash generated from operating activities	45,625	57,082	44,904	20,697
Cash flows from investing activities				
Purchase of property, plant and equipment	(61,941)	(18,299)	(8,467)	(11,425)
Proceeds from disposals of property, plant and equipment	579	2,119	214	32
Purchase of available-for-sale financial assets	(42,800)	-	(11,800)	-
Redemption of available-for-sale financial assets	32,856	8,046	15,594	-
Interest received	7,122	5,449	2,405	1,835
Net cash used in investing activities	(64,184)	(2,685)	(2,054)	(9,558)
Cash flows from financing activities				
Purchase of Treasury Shares	-	(6,287)	-	(1,297)
Dividend paid	(114,134)	(75,843)	(30,034)	-
Proceeds from shares issued in exercise of share options	19,910	6,819	-	-
Net cash used in financing activities	(94,224)	(75,311)	(30,034)	(1,297)
Net (decrease) / increase in cash and cash equivalents	(112,783)	(20,914)	12,816	9,842
Effect of foreign exchange rate changes	196	1,820	55	1,139
Cash and cash equivalents at beginning of the period	752,941	689,260	627,483	659,185
Cash and cash equivalents at end of the period	640,354	670,166	640,354	670,166

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

Consolidated Statements of Changes in Equity for the period ended 31 December 2017

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 (Note)				
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 April 2017	38,439	(8,268)	130,791	10,342	14,219	3,427	749,624	908,403	938,574	
Total comprehensive income for the period	-	-	-	-	4,125	-	157,747	161,872	161,872	
Dividends paid	-	-	-	-	-	-	(114,134)	(114,134)	(114,134)	
Issue of shares on exercise of share options	947	-	18,963	-	-	-	-	18,963	19,910	
Transfer to share premium upon exercise of share options	-	-	9,135	(9,135)	-	-	-	-	-	
Issue of bonus shares	3,854	(30)	(3,824)	-	-	-	-	(3,824)	-	
Share-based compensation	-	-	-	4,236	-	-	-	4,236	4,236	
Changes in equity for the period	4,801	(30)	24,274	(4,899)	4,125	-	43,613	67,113	71,884	
Balance at 31 December 2017	43,240	(8,298)	155,065	5,443	18,344	3,427	793,237	975,516	1,010,458	
Balance at 1 April 2016	38,014	(1,980)	120,522	7,829	18,359	3,063	671,492	821,265	857,299	
Total comprehensive income for the period	-	-	-	-	(4,755)	-	110,511	105,756	105,756	
Dividends paid	-	-	-	-	-	-	(75,843)	(75,843)	(75,843)	
Issue of shares on exercise of share options	425	-	6,394	-	-	-	-	6,394	6,819	
Transfer to share premium upon exercise of share options	-	-	3,917	(3,917)	-	-	-	-	-	
Share-based compensation	-	-	-	4,903	-	-	-	4,903	4,903	
Lapse of share options	-	-	-	(75)	-	-	75	-	-	
Purchase of treasury shares	-	(6,287)	-	-	-	-	-	-	(6,287)	
Changes in equity for the period	425	(6,287)	10,311	911	(4,755)	-	34,743	41,210	35,348	
Balance at 31 December 2016	38,439	(8,267)	130,833	8,740	13,604	3,063	706,235	862,475	892,647	

The Company	Share capital	Treasury share	Reserves				Total reserves	Total equity
			Share premium	Share-based payment reserve	Contributed surplus	Retained earnings		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2017	38,439	(8,268)	130,791	10,342	67,239	212,860	421,232	451,403
Total comprehensive income for the period	-	-	-	-	-	246	246	246
Dividends paid	-	-	-	-	-	(114,134)	(114,134)	(114,134)
Issue of shares on exercise of share options	947	-	18,963	-	-	-	18,963	19,910
Transfer to share premium under exercise of share options	-	-	9,135	(9,135)	-	-	-	-
Issue of bonus shares	3,854	(30)	(3,824)	-	-	-	(3,824)	-
Share-based compensation	-	-	-	4,236	-	-	4,236	4,236
Changes in equity for the period	4,801	(30)	24,274	(4,899)	-	(113,888)	(94,513)	(89,742)
Balance at 31 December 2017	43,240	(8,298)	155,065	5,443	67,239	98,972	326,719	361,661
Balance at 1 April 2016	38,014	(1,980)	120,522	7,829	67,239	189,544	385,134	421,168
Total comprehensive income for the period	-	-	-	-	-	(5,324)	(5,324)	(5,324)
Dividends paid	-	-	-	-	-	(75,843)	(75,843)	(75,843)
Issue of shares on exercise of share options	425	-	6,394	-	-	-	6,394	6,819
Transfer to share premium under exercise of share options	-	-	3,917	(3,917)	-	-	-	-
Share-based compensation	-	-	-	4,903	-	-	4,903	4,903
Lapse of share options	-	-	-	(75)	-	75	-	-
Purchase of treasury shares	-	(6,287)	-	-	-	-	-	(6,287)
Changes in equity for the period	425	(6,287)	10,311	911	-	(81,092)	(69,870)	(75,732)
Balance at 31 December 2016	38,439	(8,267)	130,833	8,740	67,239	108,452	315,264	345,436

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.

SHARE CAPITAL

As at 31 December 2017, the number of ordinary shares in issue was 432,397,617 of which 3,343,780 were held by the Company as treasury shares. The share capital was HK\$43.2 million.

As at 31 March 2017, the number of ordinary shares in issue was 384,388,750 of which 3,039,800 were held by the Company as treasury shares. The share capital was HK\$38.4 million.

SHARE OPTIONS

As at 31 December 2017, the Company has the following outstanding share options:

Employee Share Option Scheme	Exercise Price (Note 3)	Balance as at 31.3.2017	Additions	Adjustment for bonus issues (Note 3)	Share options exercised	Balance as at 31.12.2017
(a) Incentive Options (Note 1)	S\$0.369	3,700,000	-	277,500	(3,977,500)	-
	S\$0.268	6,300,000	-	630,000	(3,162,500)	3,767,500
	S\$0.379	3,450,000	-	345,000	-	3,795,000
	S\$0.701	-	3,245,000	-	-	3,245,000
(b) Market Options (Note 2)	S\$0.474	2,175,000	-	217,500	(2,337,500)	55,000
Total		15,625,000	3,245,000	1,470,000	(9,477,500)	10,862,500

As at 31 December 2016, the Company has the following outstanding share options:

Employee Share Option Scheme	Exercise Price	Balance as at 31.3.2016	Additions	Share options exercised	Lapsed	Balance as at 31.12.2016
(a) Incentive Options (Note 1)	S\$0.162	2,200,000	-	(2,200,000)	-	-
	S\$0.406	5,850,000	-	(2,050,000)	(50,000)	3,750,000
	S\$0.295	6,500,000	-	-	(50,000)	6,450,000
	S\$0.417	-	3,575,000	-	-	3,575,000
(b) Market Options (Note 2)	S\$0.521	-	2,225,000	-	-	2,225,000
Total		14,550,000	5,800,000	(4,250,000)	(100,000)	16,000,000

Notes:

- 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.
- 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.
- 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.

PERFORMANCE SHARE PLAN

The Company has no outstanding performance shares as at 31 December 2017 and 31 March 2017.

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

Total number of issued shares was 432,397,617 and 384,388,750 as at 31 December 2017 and 31 March 2017 respectively.

Total number of treasury shares was 3,343,780 and 3,039,800 as at 31 December 2017 and 31 March 2017 respectively.

Total number of issued shares (excluding treasury shares) was 429,053,837 and 381,348,950 as at 31 December 2017 and 31 March 2017 respectively.

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 2017. The adoption of the new and revised IFRSs, which are effective for the financial period beginning on 1 April 2017, 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		
	9 months ended 31 December 2017	9 months ended 31 December 2016 (as restated)	9 months ended 31 December 2016 (as previously reported)
Earnings per ordinary share based on the net profit for the period			
(a) Based on weighted average number of ordinary shares on issue; and	HK 37.2 cents	HK 26.4 cents	HK 29.1 cents
(b) On a fully diluted basis	HK 36.8 cents	HK 26.2 cents	HK 28.9 cents
Number of ordinary shares in issue (excluding treasury shares)			
Weighted average number of ordinary shares for the purpose of basic earnings per share	424,388,839	418,437,223	380,397,475
Effect of potentially dilutive ordinary shares – Share options	4,351,410	2,780,562	2,527,784
Weighted average number of ordinary shares for the purpose of diluted earnings per share	428,740,249	421,217,785	382,925,259

Note: The calculations of earnings per ordinary share for the period ended 31 December 2016 are adjusted retrospectively following the completion of the 1-for-10 bonus issue on 5 June 2017.

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

	The Group			The Company		
	31.12.2017	31.03.2017 (as restated)	31.03.2017 (as previously reported)	31.12.2017	31.03.2017 (as restated)	31.03.2017 (as previously reported)
	HK dollar	HK dollar	HK dollar	HK dollar	HK dollar	HK dollar
Net asset value per ordinary share based on issued share capital excluding treasury shares at the end of the period:	2.4	2.2	2.5	0.8	1.1	1.2
Number of ordinary shares in issue excluding treasury shares	429,053,837	419,483,845	381,348,950	429,053,837	419,483,845	381,348,950

Note: The calculations of net asset value per ordinary share for the period ended 31 March 2017 are adjusted retrospectively following the completion of the 1-for-10 bonus issue on 5 June 2017.

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 31 December 2017 ("Q3 FY2018") vs 3 months ended 31 December 2016 ("Q3 FY2017")

Revenue

Revenue increased by 34.2% or HK\$200.7 million from HK\$587.6 million in Q3 FY2017 to HK\$788.3 million in Q3 FY2018.

Industrial and Commercial Electronics revenue increased by 22.3% to HK\$387.2 million (Q3 FY2017: HK\$316.7 million). Such increase was mainly contributed by the increase in demand from some of our Industrial and Commercial Electronics customers.

Consumer Electronics revenue increased by 48.1% to HK\$401.1 million (Q3 FY2017: HK\$270.9 million), which was mainly due to the increase in demand of consumer lifestyle products, and smart LED lighting products with Internet of Things ("IOT") features.

Gross profit and gross profit margin

Gross profit increased by 24.9% to HK\$113.7 million (Q3 FY2017: HK\$91.0 million), while gross profit margin decreased to 14.4% (Q3 FY2017: 15.5%) as the results of change in product sales mix during the period with higher revenue contribution from Consumer Electronics segment.

Other income

Other income increased to HK\$5.2 million. Such increase was mainly due to the increase in net exchange gains.

Selling and distribution expenses

Selling and distribution expenses increased by 48.7% to HK\$12.1 million. Such increase was mainly due to the increase in revenue.

Administrative expenses

Administrative expenses increased by 10.8% to HK\$39.6 million. Such increase was mainly due to the increase in staff cost.

Profit for the period

As a result of the above, the net profit for the period increased by 35.7% to HK\$58.2 million. (Q3 FY2017: HK\$42.9 million).

Review – 9 months ended 31 December 2017 (“9 months FY2018”) vs 9 months ended 31 December 2016 (“9 months FY2017”)**Revenue**

Revenue increased by 34.8% or HK\$570.9 million from HK\$1,638.8 million in 9 months FY2017 to HK\$2,209.7 million in 9 months FY2018.

Industrial and Commercial Electronics revenue increased by 18.0% to HK\$1,111.7 million (9 months FY2017: HK\$941.8 million), which was mainly due to the increase in demand from some of our Industrial and Commercial customers.

Consumer Electronics revenue increased by 57.5% to HK\$1,098.0 million (9 months FY2017: HK\$697.0 million), which was mainly due to the increase in demand of consumer lifestyle products, and smart LED lighting products with Internet of Things (“IOT”) features.

Gross profit and gross profit margin

Gross profit increased by 28.6% to HK\$322.9 million (9 months FY2017: HK\$251.2 million), while gross profit margin decreased to 14.6% (9 months FY2017: 15.3%) as the results of change in product sales mix during the period.

Other income

Other income increased by 31.2% to HK\$9.9 million. Such increase was mainly due to the increase in interest income and net exchange gains.

Selling and distribution expenses

Selling and distribution expenses increased by 31.6% to HK\$30.4 million (9 months FY2017: HK\$23.1 million). Such increase was mainly due to the increase in revenue.

Administrative expenses

Administrative expenses increased by 11.7% to HK\$121.7 million. Such increase was mainly due to the increase in staff cost.

Profit for the period

As a result of the above, the net profit for the period increased by 42.7% to HK\$157.7 million (9 months FY2017: HK\$110.5).

Financial position and cash flows

As at 31 December 2017, the Group had net current assets of HK\$733.6 million (31 March 2017: HK\$734.0 million), total assets of HK\$2,132.3 million (31 March 2017: HK\$1,823.0 million) and shareholders' funds of HK\$1,010.5 million (31 March 2017: HK\$938.6 million).

The Group's trade receivables increased by HK\$210.1 million from HK\$486.3 million as at 31 March 2017 to HK\$696.4 million as at 31 December 2017. The Group's trade payables increased by HK\$159.8 million from HK\$484.7 million as at 31 March 2017 to HK\$644.5 million as at 31 December 2017. The Group's inventories increased by HK\$156.5 million from HK\$291.9 million as at 31 March 2017 to HK\$448.4 million as at 31 December 2017.

The working capital of the Group as at 31 December 2017, which is the sum of trade receivables and inventories less trade payables, was HK\$500.3 million (31 March 2017: HK\$293.5 million). The increase in net working capital, reflecting the movement in trade receivables, inventories and trade payables, was in line with the revenue growth during the period.

The Group had no bank borrowings as at 31 December 2017 (31 March 2017: Nil).

As at 31 December 2017, the Group had cash and bank deposits of HK\$640.4 million (31 March 2017: HK\$752.9 million) following the distribution of cash dividend of HK\$114.1M during the period. Over 94% of its cash and cash equivalents were placed in reputable financial institutions in Hong Kong. The remaining balance of the cash and bank deposits, mainly in PRC, were placed in reputable financial institutions. The cash and bank deposits are annually audited by the Group's auditors, PricewaterhouseCoopers.

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

Not applicable.

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

Valuetronics delivered another set of record results in Q3 FY2018 with strong revenue growth across all segment.

Strong performance in CE segment was driven by consumer lifestyle products and smart LED lighting products with IOT features. Our smart LED lighting customer continues to bring in new features and enhancements to their app and ecosystem, to further strengthen their market penetration which may in turn provide further opportunities for us.

ICE segment continued the double digit growth with strong performance in printers, and connectivity modules used in automotive industry. Printer sales growth came from existing customers as well as a new customer providing barcode and transaction printing solution across a broad range of industries. During the period, the Group's key automotive customer completed its corporate restructure and now becomes a technology company that focus on active safety, autonomous driving, enhanced user experiences and connected services. The Group will further pursue opportunities in the future of mobility by providing vertical integrated services with our design and development capabilities.

As a manufacturer, we are operating in a dynamic macro-economic environment. The Group still sees supply chain challenges, such as raw material price fluctuations and extended procurement lead times. The Group will continue to navigate the dynamic macro-environment by sticking to its fundamentals and keeping in close touch with customers.

Barring unforeseen circumstances, the directors expect the Group to achieve profit growth for the financial year ending 31 March 2018.

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/recommended, a statement to that effect.

No dividend has been declared / recommended for Q3 FY2018.

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

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

15. 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 31 December 2017 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 February 2018

Chow Kok Kit
Executive Director