

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 2018**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 2018**

	The Group			The Group		
	9 months ended 31 December			3 months ended 31 December		
	2018	2017	Change	2018	2017	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Revenue	2,149,787	2,209,696	-2.7	729,559	788,319	-7.5
Cost of sales	(1,824,176)	(1,886,807)	-3.3	(613,791)	(674,614)	-9.0
Gross profit	325,611	322,889	0.8	115,768	113,705	1.8
Selling and distribution expenses	(31,147)	(30,396)	2.5	(10,894)	(12,130)	-10.2
Administrative expenses	(125,114)	(121,713)	2.8	(43,665)	(39,573)	10.3
Other income and gains, net	17,919	9,902	81.0	5,325	5,171	3.0
Net other operating loss	(13,610)	-	NM	-	-	NM
Operating profit	173,659	180,682	-3.9	66,534	67,173	-1.0
Finance costs	(457)	(526)	-13.1	(141)	(145)	-2.8
Profit before income tax	173,202	180,156	-3.9	66,393	67,028	-0.9
Income tax expense	(19,536)	(22,409)	-12.8	(6,704)	(8,847)	-24.2
Profit for the period	153,666	157,747	-2.6	59,689	58,181	2.6
Attributable to:						
Owners of the Company	153,666	157,747	-2.6	59,689	58,181	2.6

Consolidated Statement of Comprehensive Income for the period ended 31 December 2018

	The Group			The Group		
	9 months ended 31 December			3 months ended 31 December		
	2018	2017	Change	2018	2017	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Profit for the period	153,666	157,747	-2.6	59,689	58,181	2.6
Other comprehensive (expense) / income, net of tax:						
<i>Items that may be reclassified to profit or loss:</i>						
Currency translation differences*	(7,837)	4,125	NM	(1,380)	641	NM
Total comprehensive income for the period	145,829	161,872	-9.9	58,309	58,822	-0.9
Attributable to:						
Owners of the Company	145,829	161,872	-9.9	58,309	58,822	-0.9

* Representing exchange differences on translating the Group's subsidiaries in the PRC arising from the depreciation of Renminbi.

Note:

NM: Not meaningful

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	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation on property, plant and equipment	33,050	26,830	11,327	10,567
Amortisation of land use rights	348	337	111	115
Gains on disposals of property, plant and equipment	(398)	(515)	(1)	(175)
Interest income	(9,964)	(7,122)	(4,055)	(2,405)
Bank charges	457	526	141	145
Net exchange gains	(3,346)	(532)	(590)	(2,116)
Impairment loss recognised in respect of flash floods that occurred on 17 September 2018 at the Danshui Plant	13,610	-	-	-

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

Statements of Financial Position as at 31 December 2018

	The Group		The Company	
	At 31.12.2018	At 31.3.2018	At 31.12.2018	At 31.3.2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS				
Non-current assets				
Land use rights	16,673	18,673	-	-
Property, plant and equipment	210,586	209,648	-	-
Interests in subsidiaries	-	-	83,330	83,330
Available-for-sale financial assets	61,030	50,430	-	-
Others	13,049	15,676	-	-
Total non-current assets	301,338	294,427	83,330	83,330
Current assets				
Inventories	397,203	385,637	-	-
Trade receivables	568,005	582,814	-	-
Other receivables and prepayments	29,129	34,799	182	365
Due from subsidiaries	-	-	295,257	395,622
Cash and bank deposits	754,870	671,087	132	337
Total current assets	1,749,207	1,674,337	295,571	396,324
Total assets	2,050,545	1,968,764	378,901	479,654
EQUITY				
Share capital	43,401	43,240	43,401	43,240
Treasury shares	(2,272)	(8,298)	(2,272)	(8,298)
Reserves	1,068,437	1,027,018	337,162	444,054
Total equity	1,109,566	1,061,960	378,291	478,996
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities	7,332	7,332	-	-
Total non-current liabilities	7,332	7,332	-	-
Current liabilities				
Trade payables	496,265	482,893	-	-
Other payables and accruals	385,892	382,552	610	658
Current income tax liabilities	51,490	34,027	-	-
Total current liabilities	933,647	899,472	610	658
Total liabilities	940,979	906,804	610	658
Total equity and liabilities	2,050,545	1,968,764	378,901	479,654
Net current assets	815,560	774,865	294,961	395,666
Total assets less current liabilities	1,116,898	1,069,292	378,291	478,996

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 2018		As at 31 March 2018	
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 2018		As at 31 March 2018	
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 2018

	The Group		The Group	
	9 months ended 31 December		3 months ended 31 December	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash flows from operating activities				
Profit before income tax	173,202	180,156	66,393	67,028
Adjustments for :				
Amortisation of land use rights	348	337	111	115
Depreciation on property, plant and equipment	33,050	26,830	11,327	10,567
Gains on disposals of property, plant and equipment	(398)	(515)	(1)	(175)
Share-based compensation	3,422	4,236	1,182	1,290
Impairment loss recognised in respect of flash floods	13,610	-	-	-
Interest income	(9,964)	(7,122)	(4,055)	(2,405)
	213,270	203,922	74,957	76,420
Changes in working capital:				
Increase in inventories	(11,566)	(156,496)	(4,609)	(32,006)
Decrease / (increase) in trade receivables	14,809	(210,166)	(73,293)	(107,651)
Decrease / (increase) in prepayments, deposits and other receivables	5,670	(6,202)	10,846	2,312
Increase / (decrease) in trade payables	13,372	159,795	(18,093)	59,644
(Decrease) / increase in accruals, other payables and deposits received	(10,270)	55,149	12,861	46,185
Net cash generated from operations	225,285	46,002	2,669	44,904
Income tax paid	(858)	(377)	(76)	-
Net cash generated from operating activities	224,427	45,625	2,593	44,904
Cash flows from investing activities				
Purchase of property, plant and equipment	(38,005)	(61,941)	(17,521)	(8,467)
Proceeds from disposals of property, plant and equipment	500	579	69	214
Purchase of available-for-sale financial assets	(11,200)	(42,800)	(11,200)	(11,800)
Redemption of available-for-sale financial assets	-	32,856	-	15,594
Interest received	9,964	7,122	4,055	2,405
Net cash used in investing activities	(38,741)	(64,184)	(24,597)	(2,054)
Cash flows from financing activities				
Purchase of Treasury Shares	(3,884)	-	-	-
Dividend paid	(107,185)	(114,134)	(21,461)	(30,034)
Proceeds from shares issued in exercise of share options	9,424	19,910	-	-
Net cash used in financing activities	(101,645)	(94,224)	(21,461)	(30,034)
Net increase / (decrease) in cash and cash equivalents	84,041	(112,783)	(43,465)	12,816
Effect of foreign exchange rate changes	(258)	196	116	55
Cash and cash equivalents at beginning of the period	671,087	752,941	798,219	627,483
Cash and cash equivalents at end of the period	754,870	640,354	754,870	640,354

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 2018

The Group	Attributable to the owners of the Company								
	Reserves								Total equity
	Share capital	Treasury share	Share premium	Share-based payment reserve	Currency 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	HK\$'000	
Balance at 1 April 2018	43,240	(8,298)	155,065	6,734	21,571	4,099	839,549	1,027,018	1,061,960
Total comprehensive income for the period	-	-	-	-	(7,837)	-	153,666	145,829	145,829
Dividends paid	-	-	-	-	-	-	(107,185)	(107,185)	(107,185)
Issue of shares on exercise of share options	161	-	9,263	-	-	-	-	9,263	9,424
Transfer to share premium upon exercise of share options	-	9,910	(5,412)	(4,498)	-	-	-	(9,910)	-
Share-based compensation	-	-	-	3,422	-	-	-	3,422	3,422
Lapse of share options	-	-	-	(421)	-	-	421	-	-
Purchase of treasury shares	-	(3,884)	-	-	-	-	-	-	(3,884)
Changes in equity for the period	161	6,026	3,851	(1,497)	(7,837)	-	46,902	41,419	47,606
Balance at 31 December 2018	43,401	(2,272)	158,916	5,237	13,734	4,099	886,451	1,068,437	1,109,566
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

The Company	Reserves							Total equity
	Share capital	Treasury share	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	HK\$'000
Balance at 1 April 2018	43,240	(8,298)	155,065	6,734	67,239	215,016	444,054	478,996
Total comprehensive income for the period	-	-	-	-	-	(2,482)	(2,482)	(2,482)
Dividends paid	-	-	-	-	-	(107,185)	(107,185)	(107,185)
Issue of shares on exercise of share options	161	-	9,263	-	-	-	9,263	9,424
Transfer to share premium under exercise of share options	-	9,910	(5,412)	(4,498)	-	-	(9,910)	-
Share-based compensation	-	-	-	3,422	-	-	3,422	3,422
Lapse of share options	-	-	-	(421)	-	421	-	-
Purchase of treasury shares	-	(3,884)	-	-	-	-	-	(3,884)
Changes in equity for the period	161	6,026	3,851	(1,497)	-	(109,246)	(106,892)	(100,705)
Balance at 31 December 2018	43,401	(2,272)	158,916	5,237	67,239	105,770	337,162	378,291
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

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

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

SHARE CAPITAL

As at 31 December 2018, the number of ordinary shares in issue was 434,008,337 of which 630,000 were held by the Company as treasury shares (equivalent to 0.15% of the total number of issued shares excluding treasury shares of 433,378,337). The share capital was \$43.4 million.

As at 31 March 2018 and 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 (equivalent to 0.78% of the total number of issued shares excluding treasury shares of 429,053,837). The share capital was \$43.2 million.

There was no subsidiary holding as at 31 December 2018 and 31 December 2017.

SHARE OPTIONS

As at 31 December 2018, the Company has the following outstanding share options:

Employee Share Option Scheme	Exercise Price (Note 3)	Balance as at 31.3.2018	Additions	Share options exercised	Lapsed	Balance as at 31.12.2018
(a) Incentive Options (Note 1)	S\$0.268	3,767,500	-	(3,657,500)	(82,500)	27,500
	S\$0.379	3,795,000	-	(1,677,500)	(308,000)	1,809,500
	S\$0.701	3,245,000	-	-	(150,000)	3,095,000
	S\$0.530	-	2,890,000	-	-	2,890,000
(b) Market Options (Note 2)	S\$0.474	55,000	-	(55,000)	-	-
Total		10,862,500	2,890,000	(5,390,000)	(540,500)	7,822,000

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

Employee Share Option Scheme	Exercise Price	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

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.
- (3) 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 2018 and 31 March 2018.

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 434,008,337 and 432,397,617 as at 31 December 2018 and 31 March 2018 respectively.

Total number of treasury shares was 630,000 and 3,343,780 as at 31 December 2018 and 31 March 2018 respectively.

Total number of issued shares (excluding treasury shares) was 433,378,337 and 429,053,837 as at 31 December 2018 and 31 March 2018 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.

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

Not applicable.

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 2018. The adoption of the new and revised IFRSs, which are effective for the financial period beginning on 1 April 2018, 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 2018	9 months ended 31 December 2017
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 35.7 cents	HK 37.2 cents
(b) On a fully diluted basis	HK 35.6 cents	HK 36.8 cents
Number of ordinary shares in issue (excluding treasury shares)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	430,932,957	424,388,839
Effect of potentially dilutive ordinary shares – Share options	631,409	4,351,410
Weighted average number of ordinary shares for the purpose of diluted earnings per share	431,564,366	428,740,249

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	
	31.12.2018	31.03.2018	31.12.2018	31.03.2018
	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:	2.6	2.5	0.9	1.1
Number of ordinary shares in issue excluding treasury shares	433,378,337	429,053,837	433,378,337	429,053,837

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

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

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

Review – 3 months ended 31 December 2018 (“Q3 FY2019”) vs 3 months ended 31 December 2017 (“Q3 FY2018”)**Revenue**

Revenue decreased by 7.5% or HK\$58.7 million from HK\$788.3 million in Q3 FY2018 to HK\$729.6 million in Q3 FY2019.

Industrial and Commercial Electronics revenue increased by 12.2% to HK\$434.4 million (Q3 FY2018: HK\$387.2 million). Such increase was mainly contributed by the increase in demand from some of our Industrial and Commercial Electronics customers.

Consumer Electronics revenue decreased by 26.4% to HK\$295.2 million (Q3 FY2018: HK\$401.1 million), which was mainly due to the slowdown in demand from some of our Consumer Electronics customer in the smart lighting business.

Gross profit and gross profit margin

Gross profit increased by 1.8% to HK\$115.8 million (Q3 FY2018: HK\$113.7 million), while gross profit margin increased to 15.9% (Q3 FY2018: 14.4%) as the results of change in product sales mix during the period.

Other income and gains, net

Other income remained stable at HK\$5.3 million (Q3 FY2018: HK\$5.2 million).

Selling and distribution expenses

Selling and distribution expenses decreased by 10.2% to HK\$10.9 million (Q3 FY2018: HK\$12.1 million). Such decrease was mainly due to the decrease in logistics expenses as revenue dropped.

Administrative expenses

Administrative expenses increased by 10.3% to HK\$43.7 million (Q3 FY2018: 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 2.6% to HK\$59.7 million. (Q3 FY2018: HK\$58.2 million).

Review – 9 months ended 31 December 2019 (“9 months FY2019”) vs 9 months ended 31 December 2017 (“9 months FY2018”)**Revenue**

Revenue decreased by 2.7% or HK\$59.9 million from HK\$2,209.7 million in 9 months FY2018 to HK\$2,149.8 million in 9 months FY2019.

Industrial and Commercial Electronics revenue increased by 16.1% to HK\$1,290.4 million (9 months FY2018: HK\$1,111.7 million), which was mainly due to the increase in demand from some of our Industrial and Commercial customers.

Consumer Electronics revenue decreased by 21.7% to HK\$859.4 million (9 months FY2018: HK\$1,098.0 million), which was mainly due to the slowdown in demand from our Consumer Electronics customer in the smart lighting business.

Gross profit and gross profit margin

Gross profit increased by 0.8% to HK\$325.6 million (9 months FY2018: HK\$322.9 million), while gross profit margin increased to 15.1% (9 months FY2018: 14.6%) as the results of change in product sales mix during the period.

Other income and gains, net

Other income increased by 81.0% to HK\$17.9 million (9 months FY2018: HK\$9.9 million). Such increase was mainly due to the increase in net exchange gains and interest income.

Selling and distribution expenses

Selling and distribution expenses were HK\$31.1 million (9 months FY2018: HK\$30.4 million).

Administrative expenses

Administrative expenses increased slightly by 2.8% to HK\$125.1 million (9 months FY2018: HK\$121.7 million). Such increase was mainly due to the increase in staff cost.

Net other operating loss

Danshui Factory was affected by a flash flooding in late September 2018, details of which can be found in our announcements made on 17 September 2018 and 21 September 2018. The Group has made an insurance claim for the damages suffered in the flash flooding. Whilst the Group is working with the insurer's lost adjuster on the insurance claim, taking into account the insurance deductibles and non-recoverable costs, a provision of HKD13.6 million was made during the period.

Profit for the period

As a result of the above, the net profit for the period decreased by 2.6% to HK\$153.7 million (9 months FY2018: HK\$157.7 million).

Financial position and cash flows

As at 31 December 2018, the Group had net current assets of HK\$815.6 million (31 March 2018: HK\$774.9 million), total assets of HK\$2,050.5 million (31 March 2018: HK\$1,968.8 million) and shareholders' funds of HK\$1,109.6 million (31 March 2018: HK\$1,062.0 million).

The Group's trade receivables decreased by HK\$14.8 million from HK\$582.8 million as at 31 March 2018 to HK\$568.0 million as at 31 December 2018. The Group's trade payables increased by HK\$13.4 million from HK\$482.9 million as at 31 March 2018 to HK\$496.3 million as at 31 December 2018. The Group's inventories increased by HK\$11.6 million from HK\$385.6 million as at 31 March 2018 to HK\$397.2 million as at 31 December 2018.

The working capital of the Group as at 31 December 2018, which is the sum of trade receivables and inventories less trade payables, was HK\$468.9 million (31 March 2018: HK\$485.5 million). The decrease in net working capital, reflecting the movement in trade receivables, inventories and trade payables, was mainly due to better working capital management.

The Group had no bank borrowings as at 31 December 2018 (31 March 2018: Nil).

As at 31 December 2018, the Group had cash and bank deposits of HK\$754.9 million (31 March 2018: HK\$671.1 million) following the distribution of cash dividend of HK\$107.2 million during the period. Over 96% of its cash and cash equivalents were placed in reputable financial institutions in Hong Kong. The remaining balance of the cash and cash equivalents, mainly in PRC, were placed in reputable financial institutions. The cash and cash equivalents 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.**

With a mixed performance in our CE and ICE segments, there was a single digit revenue decline quarter on quarter. The ICE segment revenue continued its double-digit growth, benefitting from the strong performance from our printer and automotive customers. The CE segment reported a revenue decline in Q3 FY2019 due to weak performance in smart lighting products which is expected to continue to weaken in the near term.

As a manufacturer with global sales, the Group is operating in an uncertain macro-economic environment, caused by geo-political and trade tensions. Whilst there is no material immediate direct economic impact on us at this juncture, we cannot rule out any indirect and consequential impacts on us, such as margin pressures or even the potential loss of customers as they switch to alternative suppliers, if the trade tensions do not ease.

The continued trade tensions have driven our customers to adopt a more diversified procurement strategy as they evaluate options of assembling products outside China to mitigate the impact of tariffs on goods imported to the US market. In response to the uncertainty, we are also exploring options to diversify our manufacturing footprint into North America and the Southeast Asian countries.

Barring unforeseen circumstances, the directors expect the Group to remain profitable for the financial year ending 31 March 2019.

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.**

The Company does not declare / recommend dividend in Q3 FY2019.

- 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 2018 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
12 February 2019

Chow Kok Kit
Executive Director