

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 2013

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 31 December 2013

	The Group			The Group		
	9 months ended 31 December			3 months ended 31 December		
	2013	2012	Change	2013	2012	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Continuing operations						
Revenue	1,820,058	1,731,041	5.1	576,801	508,103	13.5
Cost of sales	(1,578,809)	(1,520,454)	3.8	(498,423)	(443,721)	12.3
Gross profit	241,249	210,587	14.6	78,378	64,382	21.7
Other income	8,926	8,372	6.6	2,634	2,860	-7.9
Selling and distribution costs	(30,882)	(27,346)	12.9	(8,499)	(8,299)	2.4
Administrative expenses	(92,886)	(85,489)	8.7	(32,180)	(28,491)	12.9
Net other operating gains/(losses)	75	(1,524)	-104.9	-	(43)	NM
Profit from operations	126,482	104,600	20.9	40,333	30,409	32.6
Finance costs	(494)	(1,202)	-58.9	(208)	(289)	-28.0
Profit before tax	125,988	103,398	21.8	40,125	30,120	33.2
Income tax expense	(17,556)	(10,764)	63.1	(4,594)	(4,487)	2.4
Profit for the period from continuing operations	108,432	92,634	17.1	35,531	25,633	38.6
Discontinued operations*						
Loss for the period from discontinued operations	-	(39,087)	NM	-	(1,125)	NM
Profit for the period	108,432	53,547	102.5	35,531	24,508	45.0
Attributable to:						
Owners of the Company	108,432	53,547	102.5	35,531	24,508	45.0

Note :

NM : Not meaningful

*: See Page 2, Note 3

Consolidated Statement of Profit or loss and Other Comprehensive Income for the period ended 31 December 2013

	The Group			The Group		
	9 months ended 31 December			3 months ended 31 December		
	2013	2012	Change	2013	2012	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Profit for the period	108,432	53,547	102.5	35,531	24,508	45.0
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translating foreign operations	4,586	231	1,885.3	1,692	-	NM
Other comprehensive income for the period, net of tax	4,586	231	1,885.3	1,692	-	NM
Total comprehensive income for the period	113,018	53,778	110.2	37,223	24,508	51.9
Attributable to:						
Owners of the Company	113,018	53,778	110.2	37,223	24,508	51.9

Note:

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

	The Group		The Group	
	9 months ended 31 December		3 months ended 31 December	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Depreciation	29,946	32,752	9,445	11,323
Amortisation of land use rights	373	364	125	122
(Gains)/losses on disposals of property, plant and equipment	(350)	38	(12)	13
Interest income	(1,138)	(885)	(412)	(274)
Interest expenses	-	400	-	113
Bank charges	494	802	208	176
Net exchange (gains)/losses	(1,435)	(1,262)	(54)	404
Net fair value (gains)/ losses on derivative financial instruments (Note 1)	(75)	208	-	(1,025)
Provision for impairment of trade receivables (Note 2)	-	1,069	-	1,069
Discontinued operations				
Termination expenditure (Note 3)	-	24,957	-	-
Provision for impairment loss on property, plant and equipment (Note 3)	-	3,043	-	-

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 on derivative financial instruments represented the unrealised gains and mark-to-market values of these contracts as at period end date.

Note 2: During the 3 months period ended 31 December 2012, owing to the low recoverability of certain trade receivables due from one of our customers, provision for impairment of such trade receivables has been made during the period.

Note 3: During the period ended 30 September 2012, the Group recorded provision for termination expenditure and impairment loss on property, plant and equipment following the termination of Licensing business. No further expenditure has been incurred in the 9 months period from 1 April to 31 December in 2013. In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the results and cash flows of the Licensing business have been included in the discontinued operations of the Group.

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 2013

	The Group		The Company	
	At 31.12.2013	At 31.3.2013	At 31.12.2013	At 31.3.2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS				
Non-current assets				
Land use rights	21,067	20,941	-	-
Property, plant and equipment	188,909	196,454	-	-
Investments in subsidiaries	-	-	83,330	83,330
Available-for-sale financial assets	1,549	1,549	-	-
Club membership, at cost	256	250	-	-
Total non-current assets	211,781	219,194	83,330	83,330
Current assets				
Inventories	300,009	178,358	-	-
Trade receivables	502,118	481,509	-	-
Land use rights	503	491	-	-
Prepayments, deposits and other receivables	13,904	8,836	10	136
Available-for-sale financial assets	-	2,476	-	-
Due from subsidiaries	-	-	122,523	149,546
Bank and cash balances	402,395	221,579	132	416
Total current assets	1,218,929	893,249	122,665	150,098
Total assets	1,430,710	1,112,443	205,995	233,428
EQUITY				
Share capital	36,539	36,004	36,539	36,004
Reserves	646,522	556,223	169,027	196,801
Equity attributable to owners of the Company	683,061	592,227	205,566	232,805
Total equity	683,061	592,227	205,566	232,805
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	3,388	3,388	-	-
Total non-current liabilities	3,388	3,388	-	-
Current liabilities				
Trade payables	420,649	241,375	-	-
Accruals, other payables and deposits received	298,181	264,962	429	623
Current tax liabilities	25,431	10,416	-	-
Derivative financial instruments	-	75	-	-
Total current liabilities	744,261	516,828	429	623
Total liabilities	747,649	520,216	429	623
Total equity and liabilities	1,430,710	1,112,443	205,995	233,428
Net current assets	474,668	376,421	122,236	149,475
Total assets less current liabilities	686,449	595,615	205,566	232,805

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 2013		As at 31 March 2013	
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 2013		As at 31 March 2013	
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 2013

	The Group		The Group	
	9 months ended 31 December		3 months ended 31 December	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash flows from operating activities				
Cash generated from operations of continuing operations:				
Profit before tax	125,988	103,398	40,125	30,120
Adjustments for :				
Equity-settled share-based payments	2,973	3,447	1,245	1,094
Depreciation	29,946	32,752	9,445	11,323
Amortisation of land use rights	373	364	125	122
(Gains)/losses on disposals of property, plant and equipment	(350)	38	(12)	13
Interest expenses	-	400	-	113
Interest income	(1,138)	(885)	(412)	(274)
Net fair value (gains)/ losses on derivative financial instruments	(75)	208	-	(1,025)
Provision for impairment of trade receivables	-	1,069	-	1,069
Cash settlement for the Awards granted	(175)	-	-	-
Operating profit before working capital changes	157,542	140,791	50,516	42,555
(Increase)/decrease in inventories	(121,651)	(35,563)	(33,854)	2,205
(Increase)/decrease in trade receivables	(20,609)	(8,368)	125,356	54,677
(Increase)/decrease in prepayments, deposits and other receivables	(5,068)	(2,758)	899	5,648
Increase/(decrease) in trade payables	179,274	(48,913)	(45,528)	(77,072)
Increase in accruals, other payables and deposits received	33,219	39,380	18,148	50,130
Cash generated from operations	222,707	84,569	115,537	78,143
Income tax paid	(2,541)	(3,419)	(882)	(91)
Interest paid	-	(400)	-	(113)
Net cash generated from operating activities of continuing operations	220,166	80,750	114,655	77,939
Net cash used in operating activities of discontinued operations	-	(10,296)	-	(58)
Net cash generated from operating activities	220,166	70,454	114,655	77,881
Cash flows from investing activities				
Purchase of property, plant and equipment	(20,039)	(16,040)	(2,352)	(6,302)
Proceeds from disposals of property, plant and equipment	409	11	12	-
Proceeds from disposals of available-for-sale financial assets	2,476	-	-	-
Purchase of available-for-sale financial assets	-	(4,025)	-	-
Interest received	1,138	885	412	274
Net cash used in investing activities of continuing operations	(16,016)	(19,169)	(1,928)	(6,028)
Net cash used in investing activities of discontinued operations	-	-	-	-
Net cash used in investing activities	(16,016)	(19,169)	(1,928)	(6,028)
Cash flows from financing activities				
Dividend paid	(29,215)	(61,022)	-	-
Net repayment of trust receipt loans/bank borrowings	-	(6,000)	-	(3,000)
Proceeds from shares issued in exercise of share options	4,233	268	216	-
Net cash (used in)/generated from financing activities of continuing operations	(24,982)	(66,754)	216	(3,000)
Net cash used in financing activities of discontinued operations	-	-	-	-
Net cash (used in)/generated from financing activities	(24,982)	(66,754)	216	(3,000)
Net increase/(decrease) in cash and cash equivalents	179,168	(15,469)	112,943	68,853
Effect of foreign exchange rate changes	1,648	410	720	214
Cash and cash equivalents at beginning of the period	221,579	263,730	288,732	179,604
Cash and cash equivalents at end of the period	402,395	248,671	402,395	248,671

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 2013

The Group	Attributable to owners of the Company							Total equity
	Reserves							
	Share capital	Share premium	Share-based payment reserve	Translation reserve	Statutory reserve (Note)	Retained earnings	Total reserves	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2013	36,004	91,867	6,649	22,753	1,596	433,358	556,223	592,227
Total comprehensive income for the period	-	-	-	4,586	-	108,432	113,018	113,018
Dividend paid	-	-	-	-	-	(29,215)	(29,215)	(29,215)
Issue of shares on exercise of share options	535	5,491	(1,793)	-	-	-	3,698	4,233
Cash settlement for the Awards granted	-	-	(175)	-	-	-	(175)	(175)
Share-based payments	-	-	2,973	-	-	-	2,973	2,973
Lapsed of share-based payments	-	-	(1,092)	-	-	1,092	-	-
Changes in equity for the period	535	5,491	(87)	4,586	-	80,309	90,299	90,834
Balance at 31 December 2013	36,539	97,358	6,562	27,339	1,596	513,667	646,522	683,061
Balance at 1 April 2012	35,860	90,283	4,411	21,202	1,198	415,421	532,515	568,375
Total comprehensive income for the period	-	-	-	231	-	53,547	53,778	53,778
Dividend paid	-	-	-	-	-	(61,022)	(61,022)	(61,022)
Issue of shares on exercise of share options	35	233	-	-	-	-	233	268
Issue of shares on award of performance share	109	-	(109)	-	-	-	(109)	-
Share-based payments	-	-	3,447	-	-	-	3,447	3,447
Changes in equity for the period	144	233	3,338	231	-	(7,475)	(3,673)	(3,529)
Balance at 31 December 2012	36,004	90,516	7,749	21,433	1,198	407,946	528,842	564,846

The Company	Reserves						
	Share capital	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
Balance at 1 April 2013	36,004	91,867	6,649	67,239	31,046	196,801	232,805
Total comprehensive income for the period	-	-	-	-	(5,055)	(5,055)	(5,055)
Dividend paid	-	-	-	-	(29,215)	(29,215)	(29,215)
Issue of shares on exercise of share options	535	5,491	(1,793)	-	-	3,698	4,233
Cash settlement for the Awards granted	-	-	(175)	-	-	(175)	(175)
Share-based payments	-	-	2,973	-	-	2,973	2,973
Lapsed of share-based payments	-	-	(1,092)	-	1,092	-	-
Changes in equity for the period	535	5,491	(87)	-	(33,178)	(27,774)	(27,239)
Balance at 31 December 2013	36,539	97,358	6,562	67,239	(2,132)	169,027	205,566
Balance at 1 April 2012	35,860	90,283	4,411	67,239	69,480	231,413	267,273
Total comprehensive income for the period	-	-	-	-	(5,069)	(5,069)	(5,069)
Dividend paid	-	-	-	-	(61,022)	(61,022)	(61,022)
Issue of shares on exercise of share options	35	233	-	-	-	233	268
Issue of shares on award of performance share	109	-	(109)	-	-	(109)	-
Share-based payments	-	-	3,447	-	-	3,447	3,447
Changes in equity for the period	144	233	3,338	-	(66,091)	(62,520)	(62,376)
Balance at 31 December 2012	36,004	90,516	7,749	67,239	3,389	168,893	204,897

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 31 December 2013, the Company has the following outstanding share options:

Employee Share Option Scheme	Exercise Price	Balance as at 31.3.2013	Additions	Share options exercised	Lapsed	Balance as at 31.12.2013
(a) Incentive Options (Note 1)	S\$0.144	1,200,000	-	(1,200,000)	-	-
	S\$0.105	2,500,000	-	(2,500,000)	-	-
	S\$0.150	2,400,000	-	(1,200,000)	-	1,200,000
	S\$0.160	1,150,000	-	(250,000)	-	900,000
	S\$0.174	4,900,000	-	(200,000)	(200,000)	4,500,000
	S\$0.201	5,400,000	-	-	(600,000)	4,800,000
	S\$0.162	-	5,500,000	-	(400,000)	5,100,000
(b) Market Options (Note 2)	S\$0.215	200,000	-	-	-	200,000
	S\$0.184	400,000	-	-	-	400,000
Total		18,150,000	5,500,000	(5,350,000)	(1,200,000)	17,100,000

As at 31 December 2012, the Company has the following outstanding share options:

Employee Share Option Scheme	Exercise Price	Balance as at 31.3.2012	Additions	Share options exercised	Lapsed	Balance as at 31.12.2012
(a) Incentive Options (Note 1)	S\$0.175	100,000	-	(100,000)	-	-
	S\$0.144	1,200,000	-	-	-	1,200,000
	S\$0.105	2,750,000	-	(250,000)	-	2,500,000
	S\$0.150	2,400,000	-	-	-	2,400,000
	S\$0.160	1,150,000	-	-	-	1,150,000
	S\$0.174	4,900,000	-	-	-	4,900,000
	S\$0.201	-	5,400,000	-	-	5,400,000
(b) Market Options (Note 2)	S\$0.215	200,000	-	-	-	200,000
	S\$0.184	400,000	-	-	-	400,000
Total		13,100,000	5,400,000	(350,000)	-	18,150,000

Notes:

- (1) The Incentive Options were issued at a discount of not more than 20% to the average of the last dealt prices on the Official List of the SGX-ST for the five consecutive Market Days immediately preceding the date of grant of the respective Options.
- (2) The Market Options were issued at the market price which was equal to the average of the last dealt prices on the Official List of the SGX-ST for the five consecutive Market Days immediately preceding the date of grant of the respective Options.

PERFORMANCE SHARE PLAN

As at 31 December 2013, the Company has the following outstanding Performance Shares:

Date of grant	Outstanding at 31.3.2013	Granted	Awarded	Lapsed	Outstanding at 31.12.2013
19 July 2012	700,000	-	(140,000)	(560,000)	-
15 August 2013	-	700,000	-	-	700,000
Total	700,000	700,000	(140,000)	(560,000)	700,000

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

Total number of issued shares (excluding treasury shares)

As at 31 March 2013	360,038,750
Issuance and allotment of shares pursuant to:	
- Employee Share Option Scheme on 16 July 2013	5,150,000
- Employee Share Option Scheme on 26 Nov 2013	200,000
As at 31 December 2013	365,388,750

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 2013, except for the adoption of the new and revised International Financial Reporting Standards ("IFRSs") which are relevant to the Group's operations and became effective for the financial period beginning on 1 April 2013.

a) Amendments to IAS 1 "Presentation of Financial Statements"

Amendments to IAS 1 titled Presentation of Items of Other Comprehensive Income introduce new terminology for statement of comprehensive income and income statement. Under the amendments to IAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

The amendments to IAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

b) IFRS 13 “Fair Value Measurement”

IFRS 13 “Fair Value Measurement” establishes a single source of guidance for all fair value measurements required or permitted by IFRSs. It clarifies the definition of fair value as an exit price, which is defined as a price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under market conditions, and enhances disclosures about fair value measurements.

The adoption of IFRS 13 only affects disclosures on fair value measurements in the consolidated financial statements. IFRS 13 has been applied prospectively.

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.

The adoption of the new and revised IFRSs, which are effective for the financial period beginning on 1 April 2013, 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.

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 2013	9 months ended 31 December 2012
Earnings/(loss) per ordinary share for the period based on the net profit/(loss) for the period		
(a) Based on weighted average number of ordinary shares on issue; and		
- continuing operations	HK 29.9 cents	HK 25.8 cents
- discontinued operations	-	HK (10.9) cents
	HK 29.9 cents	HK 14.9 cents
(b) On a fully diluted basis		
- continuing operations	HK 29.8 cents	HK 25.4 cents
- discontinued operations	-	HK (10.7) cents
	HK 29.8 cents	HK 14.7 cents
Number of ordinary shares in issue (excluding treasury shares)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	363,229,841	359,249,318
Effect of potentially dilutive ordinary shares – Share options	498,085	4,839,990
Weighted average number of ordinary shares for the purpose of diluted earnings per share	363,727,926	364,089,308

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	
	31.12.2013	31.03.2013	31.12.2013	31.03.2013
	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:	186.9	164.5	56.3	64.7
Number of ordinary shares in issue excluding treasury shares	365,388,750	360,038,750	365,388,750	360,038,750

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 2013 ("Q3 FY2014") vs 3 months ended 31 December 2012 ("Q3 FY2013")

Revenue (Continuing operations)

Revenue increased by 13.5% or HK\$68.7 million from HK\$508.1 million in Q3 FY2013 to HK\$576.8 million in Q3 FY2014. Such increase was mainly attributable to the growth from some of our Industrial and Commercial Electronics customers and Consumer Electronics customers.

Consumer Electronics revenue increased by 9.4% to HK\$385.7 million (Q3 FY2013: HK\$352.6 million). Such increase was mainly contributed by the increase in demand from some Consumer Electronics customers.

Industrial and Commercial Electronics revenue increased by 22.9% to HK\$191.1 million (Q3 FY2013: HK\$155.5 million). Such increase was mainly contributed by the increase in demand from some Industrial and Commercial Electronics customers.

Gross profit and gross profit margin (Continuing operations)

Gross profit increased by 21.7% to HK\$78.4 million (Q3 FY2013: HK\$64.4 million) and gross profit margin improved to 13.6% (Q3 FY2013: 12.7%). Such change in gross profit margin was mainly due to a change in product sales mix during the period.

Other income (Continuing operations)

Other income decreased by 7.9% to HK\$2.6 million. Such decrease was mainly due to the decrease in tooling income.

Selling and distribution costs (Continuing operations)

Selling and distribution costs of continuing operations increased by 2.4% to HK\$8.5 million. Such increase was mainly due to the increase in outward logistics costs to deal with increase in sales volume.

Administrative expenses (Continuing operations)

Administrative expenses increased by 12.9% to HK\$32.2 million. Such increase was mainly due to the increase in salaries for the Group's eligible employees during the period.

Profit before tax from continuing operations

As a result of the above, the profit before tax from continuing operations increased by 33.2% to HK\$40.1 million.

Results of discontinued operations

The Licensing business was terminated during the year ended 31 March 2013. In Q3 FY2013 (from 1 October 2012 to 31 December 2012), it contributed HK\$13.1 million to revenue and recorded HK\$1.1 million in loss before tax. No income tax expense was recorded as the Licensing business was loss making.

Review – 9 months ended 31 December 2013 (“9 months FY2014”) vs 9 months ended 31 December 2012 (“9 months FY2013”)**Revenue (Continuing operations)**

Revenue increased by 5.1% or HK\$89.1 million from HK\$1,731.0 million in 9 months FY2013 to HK\$1,820.1 million in 9 months FY2014. Such increase was mainly attributable to the steady growth from some Consumer Electronics customers and Industrial and Commercial Electronics customers.

Revenue from Consumer Electronics customers was flat, amounting to HK\$1,270.7 million (9 months FY2013: HK\$1,267.9 million). Industrial and Commercial Electronics revenue increased by 18.6% to HK\$549.4 million (9 months FY2013: HK\$463.1 million), mainly attributed to the increase in demand from some Industrial and Commercial Electronics customers.

Gross profit and gross profit margin (Continuing operations)

Gross profit increased by 14.6% to HK\$241.2 million and gross profit margin improved to 13.3% (9 months FY2013: 12.2%). Such change in gross profit margin was mainly due to the change in product sales mix during the period.

Other income (Continuing operations)

Other income increased by 6.6% to HK\$8.9 million. Such increase was mainly due to the increase in tooling income.

Selling and distribution costs (Continuing operations)

Selling and distribution costs increased by 12.9% to HK\$30.9 million. Such increase was mainly due to the increase in outward logistics costs to deal with increase in sales volume as well as commission expenses for sales representatives.

Administrative expenses (Continuing operations)

Administrative expenses of continuing operations increased by 8.7% to HK\$92.9 million. Such increase was mainly due to the increase in salaries for the Group's eligible employees during the period.

Profit before tax from continuing operations

As a result of the above, the profit before tax from continuing operations of 9 months FY2014 increased by 21.8% to HK\$126.0 million.

Results of discontinued operations

The Licensing business was terminated during the year ended 31 March 2013. In 9 months FY2013 (from 1 April 2012 to 31 December 2012), it contributed HK\$27.9 million to revenue and recorded HK\$39.1 million in loss before tax. No income tax expense was recorded as the Licensing business was loss making.

Financial position and cash flows

As at 31 December 2013, the Group had net current assets of HK\$474.7 million (31 March 2013: HK\$376.4 million), total assets of HK\$1,430.7 million (31 March 2013: HK\$1,112.4 million) and shareholders' funds of HK\$683.1 million (31 March 2013: HK\$592.2 million).

Due to the increase in revenue, the Group's trade receivables increased by HK\$20.6 million from HK\$481.5 million as at 31 March 2013 to HK\$502.1 million as at 31 December 2013. The Group's trade payables increased by HK\$179.2 million from HK\$241.4 million as at 31 March 2013 to HK\$420.6 million as at 31 December 2013. The Group's inventories increased by HK\$121.6 million from HK\$178.4 million as at 31 March 2013 to HK\$300.0 million as at 31 December 2013 to prepare for the long Chinese New Year break in the PRC.

The working capital of the Group as at 31 December 2013, which is the sum of trade receivables and inventories less trade payables, was HK\$381.5 million (31 March 2013: HK\$418.5 million).

As at 31 December 2013, cash and cash equivalents increased significantly to HK\$402.4 million owing to better working capital management (31 March 2013: HK\$221.6 million). Over 90% of its cash and cash equivalents were placed in reputable financial institutions in Hong Kong. The Group had no bank borrowings as at 31 December 2013 (31 March 2013: Nil).

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 widened customer base and product portfolio, the Company achieved growth in Industrial and Commercial Electronics segment for three consecutive quarters in the financial year. There are signs of subdued growth that Consumer Electronics segment is recovering from the previous six months because of the launch of new products by one of our Consumer Electronics customers.

While there are signs of recovery in the global economy, we will closely monitor how our customers react to and capture these additional opportunities. However, we expect recurring operational challenges, including costs and wage pressures in the PRC, to continue. The Group will remain vigilant in monitoring market developments, and will continue with our efforts to improve our fundamentals, including design and development capabilities, production efficiencies and inventory management.

Barring unforeseen circumstances, the directors expect the Group to achieve strong growth in profitability for financial year ended 31 March 2014.

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 FY2014.

- 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 31 December 2013 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
11 February 2014

Chow Kok Kit
Executive Director