

 [Print this page](#)
Second Quarter Results * Financial Statement And Related Announcement

* Asterisks denote mandatory information


Name of Announcer *	VALUETRONICS HOLDINGS LIMITED
Company Registration No.	38813
Announcement submitted on behalf of	VALUETRONICS HOLDINGS LIMITED
Announcement is submitted with respect to *	VALUETRONICS HOLDINGS LIMITED
Announcement is submitted by *	Tse Chong Hing
Designation *	Chairman & Managing Director
Date & Time of Broadcast	08-Nov-2013 07:00:16
Announcement No.	00001

>> Announcement Details

[The details of the announcement start here ...](#)

For the Financial Period Ended *	30-09-2013
Description	Please see attached.

Attachments

 [VHL-2QFY2014-Results.pdf](#)
 Total size = **169K**
 (2048K size limit recommended)

[Close Window](#)

VALUETRONICS HOLDINGS LIMITED

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

SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

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

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

Consolidated Statement of Profit or Loss for the period ended 30 September 2013

	The Group			The Group		
	6 months ended 30 September			3 months ended 30 September		
	2013	2012	Change	2013	2012	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Continuing operations						
Revenue	1,243,257	1,222,938	1.7	632,024	595,481	6.1
Cost of sales	(1,080,386)	(1,076,733)	0.3	(548,005)	(523,220)	4.7
Gross profit	162,871	146,205	11.4	84,019	72,261	16.3
Other income	6,292	5,512	14.2	3,784	3,200	18.3
Selling and distribution costs	(22,383)	(19,047)	17.5	(10,815)	(9,004)	20.1
Administrative expenses	(60,706)	(56,998)	6.5	(30,763)	(28,538)	7.8
Net other operating gains/(losses)	75	(1,481)	-105.1	481	(1,233)	-139.0
Profit from operations	86,149	74,191	16.1	46,706	36,686	27.3
Finance costs	(286)	(913)	-68.7	(128)	(432)	-70.4
Profit before tax	85,863	73,278	17.2	46,578	36,254	28.5
Income tax expense	(12,962)	(6,277)	106.5	(6,951)	(1,725)	303.0
Profit for the period from continuing operations	72,901	67,001	8.8	39,627	34,529	14.8
Discontinued operations*						
Loss for the period from discontinued operations	-	(37,962)	NM	-	(31,220)	NM
Profit for the period	72,901	29,039	151.0	39,627	3,309	1097.6
Attributable to:						
Owners of the Company	72,901	29,039	151.0	39,627	3,309	1097.6

Note :

NM : Not meaningful

*: See Page 2, Note 2

Consolidated Statement of Profit or loss and Other Comprehensive Income for the period ended 30 September 2013

	The Group			The Group		
	6 months ended 30 September			3 months ended 30 September		
	2013	2012	Change	2013	2012	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Profit for the period	72,901	29,039	151.0	39,627	3,309	1097.6
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translating foreign operations	2,894	231	1152.8	2	231	-99.1
Other comprehensive income for the period, net of tax	2,894	231	1152.8	2	231	-99.1
Total comprehensive income for the period	75,795	29,270	159.0	39,629	3,540	1019.5
Attributable to:						
Owners of the Company	75,795	29,270	159.0	39,629	3,540	1019.5

Note:

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

	The Group		The Group	
	6 months ended 30 September		3 months ended 30 September	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Depreciation	20,501	21,429	9,959	10,802
Amortisation of land use rights	248	242	125	118
(Gains)/losses on disposals of property, plant and equipment	(338)	25	(397)	(12)
Interest income	(726)	(611)	(510)	(382)
Interest expenses	-	287	-	169
Bank charges	286	626	128	263
Net exchange gains	(1,381)	(1,666)	(483)	(1,009)
Net fair value (gains)/ losses on derivative financial instruments (Note 1)	(75)	1,233	(481)	1,233
Discontinued operations				
Termination expenditure (Note 2)	-	24,957	-	24,957
Provision for impairment loss on property, plant and equipment (Note 2)	-	3,043	-	3,043

Note 1: The Group entered into certain foreign exchange forward contracts to hedge against its exposure to Renmibi and Singapore Dollar (last period: Renmibi) 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: On 7 August 2012, after a rigorous review of the prospects of the Licensing business, the Group has announced its decision to terminate the Licensing business. During the period ended 30 September 2012, the Group recorded provision for termination expenditure of HK\$25.0 million, which included termination cost, royalties payable to the licensors and severance payments for the affected employees. In addition, provision for impairment loss on property, plant and equipment of HK\$3.0 million was made against the relevant assets in the Licensing business during the period. 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 upon the termination of the Licensing business. No further expenditure has been incurred in the 6 months period from 1 April to 30 September in 2013.

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

Statements of Financial Position as at 30 September 2013

	The Group		The Company	
	At 30.9.2013	At 31.3.2013	At 30.9.2013	At 31.3.2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS				
Non-current assets				
Land use rights	21,026	20,941	-	-
Property, plant and equipment	195,202	196,454	-	-
Investments in subsidiaries	-	-	83,330	83,330
Available-for-sale financial assets	1,549	1,549	-	-
Club membership, at cost	254	250	-	-
Total non-current assets	218,031	219,194	83,330	83,330
Current assets				
Inventories	266,155	178,358	-	-
Trade receivables	627,474	481,509	-	-
Land use rights	499	491	-	-
Prepayments, deposits and other receivables	14,803	8,836	87	136
Available-for-sale financial assets	-	2,476	-	-
Due from subsidiaries	-	-	122,507	149,546
Bank and cash balances	288,732	221,579	611	416
Total current assets	1,197,663	893,249	123,205	150,098
Total assets	1,415,694	1,112,443	206,535	233,428
EQUITY				
Share capital	36,519	36,004	36,519	36,004
Reserves	607,858	556,223	169,677	196,801
Equity attributable to owners of the Company	644,377	592,227	206,196	232,805
Total equity	644,377	592,227	206,196	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	466,177	241,375	-	-
Accruals, other payables and deposits received	280,033	264,962	339	623
Current tax liabilities	21,719	10,416	-	-
Derivative financial instruments	-	75	-	-
Total current liabilities	767,929	516,828	339	623
Total liabilities	771,317	520,216	339	623
Total equity and liabilities	1,415,694	1,112,443	206,535	233,428
Net current assets	429,734	376,421	122,866	149,475
Total assets less current liabilities	647,765	595,615	206,196	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 30 September 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 30 September 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) Statement of cash flows for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows for the period ended 30 September 2013

	The Group		The Group	
	6 months ended 30		3 months ended 30	
	September		September	
	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	85,863	73,278	46,578	36,254
Adjustments for :				
Equity-settled share-based payments	1,728	2,353	719	1,278
Depreciation	20,501	21,429	9,959	10,802
Amortisation of land use rights	248	242	125	118
(Gains)/losses on disposals of property, plant and equipment	(338)	25	(397)	(12)
Interest expenses	-	287	-	169
Interest income	(726)	(611)	(510)	(382)
Net fair value (gains)/ losses on derivative financial instruments	(75)	1,233	(481)	1,233
Cash settlement for the Awards granted	(175)	-	(175)	-
Operating profit before working capital changes	107,026	98,236	55,818	49,460
(Increase)/decrease in inventories	(87,797)	(37,767)	(8,369)	48,662
(Increase)/decrease in trade receivables	(145,965)	(73,459)	(20,438)	41,930
Increase in prepayments, deposits and other receivables	(5,967)	(8,297)	(894)	(6,863)
Increase/(decrease) in trade payables	224,802	38,574	(92,221)	(120,075)
Increase/(decrease) in accruals, other payables and deposits received	15,071	(7,746)	(5,250)	(24,533)
Cash generated from/(used in) operations	107,170	9,541	(71,354)	(11,419)
Income tax paid	(1,659)	(3,328)	(1,061)	(121)
Interest paid	-	(287)	-	(169)
Net cash generated from/(used in) operating activities of continuing operations	105,511	5,926	(72,415)	(11,709)
Net cash used in operating activities of discontinued operations	-	(13,270)	-	(14,524)
Net cash generated/(used in) from operating activities	105,511	(7,344)	(72,415)	(26,233)
Cash flows from investing activities				
Purchase of property, plant and equipment	(17,687)	(9,619)	(13,285)	(3,111)
Proceeds from disposals of property, plant and equipment	397	11	397	11
Proceeds from disposals of available-for-sale financial assets	2,476	-	2,476	-
Purchase of available-for-sale financial assets	-	(4,025)	-	(4,025)
Interest received	726	611	510	382
Net cash used in investing activities of continuing operations	(14,088)	(13,022)	(9,902)	(6,743)
Net cash used in investing activities of discontinued operations	-	(240)	-	(21)
Net cash used in investing activities	(14,088)	(13,262)	(9,902)	(6,764)
Cash flows from financing activities				
Dividend paid	(29,215)	(61,022)	(29,215)	(61,022)
Net repayment of trust receipt loans/bank borrowings	-	(3,000)	-	(3,000)
Proceeds from shares issued in exercise of share options	4,017	268	4,017	268
Net cash used in financing activities of continuing operations	(25,198)	(63,754)	(25,198)	(63,754)
Net cash used in financing activities of discontinued operations	-	-	-	-
Net cash used in financing activities	(25,198)	(63,754)	(25,198)	(63,754)
Net increase/(decrease) in cash and cash equivalents	66,225	(84,360)	(107,515)	(96,751)
Effect of foreign exchange rate changes	928	234	2	234
Cash and cash equivalents at beginning of the period	221,579	263,730	396,245	276,121
Cash and cash equivalents at end of the period	288,732	179,604	288,732	179,604

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

Consolidated Statements of Changes in Equity

The Group	Attributable to the owners of the Company							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	-	-	-	2,894	-	72,901	75,795	75,795
Dividend paid	-	-	-	-	-	(29,215)	(29,215)	(29,215)
Issue of shares on exercise of share options	515	5,167	(1,665)	-	-	-	3,502	4,017
Cash settlement for the Awards granted	-	-	(175)	-	-	-	(175)	(175)
Share-based payments	-	-	1,728	-	-	-	1,728	1,728
Changes in equity for the period	515	5,167	(112)	2,894	-	43,686	51,635	52,150
Balance at 30 September 2013	36,519	97,034	6,537	25,647	1,596	477,044	607,858	644,377
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	-	29,039	29,270	29,270
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	-	-	2,353	-	-	-	2,353	2,353
Changes in equity for the period	144	233	2,244	231	-	(31,983)	(29,275)	(29,131)
Balance at 30 September 2012	36,004	90,516	6,655	21,433	1,198	383,438	503,240	539,244

The Company	Reserves						Total equity
	Share capital	Share premium	Share-based payment reserve	Contributed surplus	Retained earnings	Total reserves	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2013	36,004	91,867	6,649	67,239	31,046	196,801	232,805
Total comprehensive income for the period	-	-	-	-	(2,964)	(2,964)	(2,964)
Dividend paid	-	-	-	-	(29,215)	(29,215)	(29,215)
Issue of shares on exercise of share options	515	5,167	(1,665)	-	-	3,502	4,017
Cash settlement for the Awards granted	-	-	(175)	-	-	(175)	(175)
Share-based payments	-	-	1,728	-	-	1,728	1,728
Changes in equity for the period	515	5,167	(112)	-	(32,179)	(27,124)	(26,609)
Balance at 30 September 2013	36,519	97,034	6,537	67,239	(1,133)	169,677	206,196
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	-	-	-	-	(3,222)	(3,222)	(3,222)
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	-	-	2,353	-	-	2,353	2,353
Changes in equity for the period	144	233	2,244	-	(64,244)	(61,767)	(61,623)
Balance at 30 September 2012	36,004	90,516	6,655	67,239	5,236	169,646	205,650

Note : In accordance with the relevant PRC regulations, the subsidiaries of the Group established in the PRC are required to transfer a certain percentage of the profit after tax, if any, to a statutory reserve. Subject to certain restrictions as set out in the relevant PRC regulations, the statutory reserve may be used to offset the accumulated losses, if any, of the subsidiaries.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, repurchase of shares, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.

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

Refer to 1(d)(iii) for the movement of share capital.

SHARE OPTIONS

As at 30 September 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	Balance as at 30.9.2013
(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	-	-	4,900,000
	S\$0.201	5,400,000	-	-	5,400,000
	S\$0.162	-	5,500,000	-	5,500,000
(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	(5,150,000)	18,500,000

As at 30 September 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	Balance as at 30.9.2012
(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 30 September 2013, the Company has the following outstanding Performance Shares:

Date of grant	Outstanding at 31.3.2013	Granted	Awarded	Lapsed	Outstanding at 30.9.2013
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
As at 30 September 2013	365,188,750

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 International Financial Reporting Standards (“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	
	6 months ended 30 September 2013	6 months ended 30 September 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 20.1 cents	HK 18.7 cents
- discontinued operations	-	HK (10.6) cents
	HK 20.1 cents	HK 8.1 cents
(b) On a fully diluted basis		
- continuing operations	HK 20.1 cents	HK 18.5 cents
- discontinued operations	-	HK (10.5) cents
	HK 20.1 cents	HK 8.0 cents
Number of ordinary shares in issue (excluding treasury shares)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	362,205,690	358,852,445
Effect of potentially dilutive ordinary shares – Share options	557,690	4,290,117
Weighted average number of ordinary shares for the purpose of diluted earnings per share	362,763,380	363,142,562

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

	The Group		The Company	
	30.09.2013	31.03.2013	30.09.2013	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:	176.5	164.5	56.5	64.7
Number of ordinary shares in issue excluding treasury shares	365,188,750	360,038,750	365,188,750	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 30 September 2013 (“Q2 FY2014”) vs 3 months ended 30 September 2012 (“Q2 FY2013”)

Revenue (Continuing operations)

Revenue increased by 6.1% or HK\$36.5 million from HK\$595.5 million in Q2 FY2013 to HK\$632.0 million in Q2 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 3.5% to HK\$451.7 million (Q2 FY2013: HK\$436.4 million) while Industrial and Commercial Electronics revenue increased by 13.3% to HK\$180.3 million (Q2 FY2013: HK\$159.1 million). Such increase was mainly contributed by the increase in demand from some of our Consumer Electronics and Industrial and Commercial Electronics customers.

Gross profit and gross profit margin (Continuing operations)

Gross profit increased by 16.3% to HK\$84.0 million (Q2 FY2013: HK\$72.3 million) and gross profit margin improved to 13.3% (Q2 FY2013: 12.1%). 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 increased by 18.3% to HK\$3.8 million. Such increase was mainly due to the increase in sales of scrap materials and tooling income.

Selling and distribution costs (Continuing operations)

Selling and distribution costs of continuing operations increased by 20.1% to HK\$10.8 million. Such increase was mainly due to the increase in outward logistic costs to deal with increase in sales volume as well as commission expenses for sales representatives.

Administrative expenses (Continuing operations)

Administrative expenses increased by 7.8% to HK\$30.8 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 Q2 FY2014 increased by 28.5% to HK\$46.6 million.

Results of discontinued operations

The Licensing business was terminated during the year ended 31 March 2013. In Q2 FY2013 (from 1 July 2012 to 30 September 2012), it contributed HK\$7.7 million to revenue and recorded HK\$31.2 million in loss before tax. No income tax expense was recorded as the Licensing business was loss making.

Review – 6 months ended 30 September 2013 (“1H FY2014”) vs 6 months ended 30 September 2012 (“1H FY2013”)**Revenue (Continuing operations)**

Revenue increased by 1.7% or HK\$20.3 million from HK\$1,222.9 million in 1H FY2013 to HK\$1,243.3 million in 1H FY2014. Such change was mainly attributable to the slowdown in demand from some of our Consumer Electronics customers but compensated by the increase in demand from some of our Industrial and Commercial Electronics customers.

Consumer Electronics revenue decreased by 3.3% to HK\$885.0 million (1H FY2013: HK\$915.3 million), which was mainly contributed by the change in sales mix from some of our Consumer Electronics customers.

Industrial and Commercial Electronics revenue increased by 16.5% to HK\$358.3 million (1H FY2013: HK\$307.6 million), mainly attributed to the increase in demand from some of our Industrial and Commercial customers.

Gross profit and gross profit margin (Continuing operations)

Gross profit increased by 11.4% to HK\$162.9 million (1H FY2013: HK\$146.2 million) and gross profit margin improved to 13.1% (1H FY2013: 12.0%). 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 14.2% to HK\$6.3 million. Such increase was mainly due to the increase in sales of scrap materials and tooling income.

Selling and distribution costs (Continuing operations)

Selling and distribution costs increased by 17.5% to HK\$22.4 million. Such increase was mainly due to the increase in outward logistic 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 6.5% to HK\$60.7 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 1H FY2014 increased by 17.2% to HK\$85.9 million.

Results of discontinued operations

The Licensing business was terminated during the year ended 31 March 2013. In 1H FY2013 (from 1 April 2012 to 30 September 2012), it contributed HK\$14.7 million to revenue and recorded HK\$38.0 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 30 September 2013, the Group had net current assets of HK\$429.7 million (31 March 2013: HK\$376.4 million), total assets of HK\$1,415.7 million (31 March 2013: HK\$1,112.4 million) and shareholders' funds of HK\$644.4 million (31 March 2013: HK\$592.2 million).

Against the background of the changes in revenue, the Group's trade receivables increased by HK\$146.0 million from HK\$481.5 million as at 31 March 2013 to HK\$627.5 million as at 30 September 2013. The Group's trade payables increased by HK\$224.8 million from HK\$241.4 million as at 31 March 2013 to HK\$466.2 million as at 30 September 2013. The Group's inventories increased by HK\$87.8 million from HK\$178.4 million as at 31 March 2013 to HK\$266.2 million as at 30 September 2013.

The working capital of the Group as at 30 September 2013, which is the sum of trade receivables and inventories less trade payables, was HK\$427.5 million (31 March 2013: HK\$418.5 million).

As at 30 September 2013, the Group had cash and cash equivalents of HK\$288.7 million owing to better working capital management (31 March 2013: HK\$221.6 million). The Group had no bank borrowings as at 30 September 2013 (31 March 2013: Nil).

The Group currently places most of its cash as bank deposits with reputable financial institutions in Hong Kong.

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.

The business conditions under which the Group operates remain challenging, including costs and wage pressures in the PRC. Notwithstanding, the Group continued to experience improvement in demand and orders from both Consumer Electronics and Industrial and Commercial Electronics segments. Record revenue was achieved during Q2 FY2014.

Since Q1 FY2014, we have increased our production capacity and co-developed a semi-auto assembly line so that the Group can support the seasonal increase in demand from our major Consumer Electronics customers during Q2 FY2014.

We continued to benefit from the growth from some of our major Industrial and Commercial Electronics customers. In addition, the smooth phase in and successful transfer of production from our new and existing customers have not only enhanced our product portfolio but also contributed to incremental revenue in this segment.

The Group will continue to remain vigilant in monitoring market developments and will continue with our efforts in improving our fundamentals, including design and development capabilities, production efficiencies and inventory management. Our business development efforts to drive contributions from new customers in Industrial and Commercial Electronics segment continue unabated.

Barring unforeseen circumstances the directors expect the Group to achieve growth in profitability for the financial year.

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 Q2 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 30 September 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
8 November 2013

Chow Kok Kit
Executive Director