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Third 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	05-Feb-2013 07:36:27
Announcement No.	00008


>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	31-12-2012
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Description	Please see attached
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Attachments

 [Q3FY13_Results.pdf](#)
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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 2012**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

1(a) An income statement and a 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 2012

	The Group			The Group		
	9 months ended 31 December			3 months ended 31 December		
	2012	2011	Change	2012	2011	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
		(Restated)			(Restated)	
Continuing operations						
Revenue	1,731,041	1,714,379	1.0	508,103	607,134	-16.3
Cost of sales	(1,520,454)	(1,469,305)	3.5	(443,721)	(521,200)	-14.9
Gross profit	210,587	245,074	-14.1	64,382	85,934	-25.1
Other income	8,372	10,699	-21.7	2,860	4,539	-37.0
Selling and distribution costs	(27,346)	(39,702)	-31.1	(8,299)	(11,595)	-28.4
Administrative expenses	(85,489)	(83,374)	2.5	(28,491)	(27,294)	4.4
Net other operating (losses)/gains	(1,524)	3,740	-140.7	(43)	152	-128.3
Profit from operations	104,600	136,437	-23.3	30,409	51,736	-41.2
Finance costs	(1,202)	(1,214)	-1.0	(289)	(511)	-43.4
Profit before tax	103,398	135,223	-23.5	30,120	51,225	-41.2
Income tax expense	(10,764)	(18,241)	-41.0	(4,487)	(7,207)	-37.7
Profit for the period from continuing operations	92,634	116,982	-20.8	25,633	44,018	-41.8
Discontinued operations*						
Loss for the period from discontinued operations	(39,087)	(25,078)	55.9	(1,125)	(12,529)	-91.0
Profit for the period	53,547	91,904	-41.7	24,508	31,489	-22.2
Attributable to:						
Owners of the Company	53,547	91,904	-41.7	24,508	31,489	-22.2
Attributable to owners of the Company from:						
- continuing operations	92,634	116,982	-20.8	25,633	44,018	-41.8
- discontinued operations	(39,087)	(25,078)	55.9	(1,125)	(12,529)	-91.0
	53,547	91,904	-41.7	24,508	31,489	-22.2

*: See Page 3, Note 5

Consolidated Statement of Comprehensive Income for the period ended 31 December 2012

	The Group			The Group		
	9 months ended 31 December			3 months ended 31 December		
	2012	2011	Change	2012	2011	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
		(Restated)			(Restated)	
Profit for the period	53,547	91,904	-41.7	24,508	31,489	-22.2
Other comprehensive income:						
Exchange differences on translating foreign operations	231	5,211	-95.6	-	47	N.M.
Other comprehensive income for the period, net of tax	231	5,211	-95.6	-	47	N.M.
Total comprehensive income for the period	53,778	97,115	-44.6	24,508	31,536	-22.3
Total comprehensive income attributable to:						
Owners of the Company	53,778	97,115	-44.6	24,508	31,536	-22.3
Total comprehensive income /(loss) attributable to owners of the Company from:						
- continuing operations	92,865	122,193	-24.0	25,633	44,065	-41.8
- discontinued operations	(39,087)	(25,078)	55.9	(1,125)	(12,529)	-91.0
	53,778	97,115	-44.6	24,508	31,536	-22.3

N.M. : Not meaningful

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	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Restated)		(Restated)	
Continuing operations				
Depreciation	32,752	30,406	11,323	11,018
Amortisation of land use rights	364	358	122	121
Losses/(gains) on disposals of property, plant and equipment	38	(212)	13	(123)
Interest income	(885)	(209)	(274)	(124)
Interest expenses	400	433	113	269
Bank charges	802	781	176	242
Net exchange (gains)/losses (Note 1)	(1,262)	(4,153)	404	(2,108)
Net fair value losses/(gains) on derivative financial instruments (Note 2)	208	(52)	(1,025)	(152)
Write-back of provision for impairment for loss on assets in respect of flash flood (Note 3)	-	(3,688)	-	(3,688)
Provision for impairment of trade receivables (Note 4)	1,069	-	1,069	-
Discontinued operations				
Termination expenditure (Note 5)	24,957	-	-	-
Provision for impairment loss on property, plant and equipment (Note 5)	3,043	-	-	-

Note 1: Net exchange gains for the 9 months period ended 31 December 2012 mainly resulted from settlements of Singapore dollars (last period: United State dollars); net exchange losses for the 3 months period ended 31 December 2012 mainly resulted from settlements of trade payables denominated in RMB.

Note 2: The Group has operations in China and one of its principal currencies is Renminbi. The Group entered into certain foreign exchange forward contracts to hedge against its exposure to Renminbi (last period: Japanese Yen) during the period. The net fair value losses/(gains) on derivative financial instruments represented the unrealised losses/(gains) and mark-to-market values of these contracts as at their respective period end dates.

Note 3: In June 2008, the flash flood in Southern China affected the Danshui Plant of the Group and resulted in provision for impairment loss on assets, which amounted to HK\$10.0 million. The claim process with insurance company was concluded during the period ended 31 December 2011. After taking into account of the compensations received and the claim amounts, which were determined based on the final adjustor report, an over-provision of HK\$3.7 million was written back during the period.

Note 4: During the 3 months period ended 31 December 2012, after consultation with our lawyer, the recoverability of certain trade receivables due from one of our customers was proved to be low. A provision for impairment of such trade receivables has been made during the period.

Note 5: On 7 August 2012, after a rigorous review of the prospects of the Licensing business, the Group announced its decision to terminate the Licensing business. During the 6 months period ended 30 September 2012 ("Q2 FY2013"), 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 has been 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 Licensing business. Comparative figures for the nine months ended 31 December 2011 and three months ended 31 December 2011 have been restated thereon.

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 2012

	The Group		The Company	
	At 31.12.2012	At 31.3.2012	At 31.12.2012	At 31.3.2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Land use rights	20,894	21,261	-	-
Property, plant and equipment	202,614	222,689	-	-
Available-for-sale financial assets	1,549	-	-	-
Goodwill	10	10	-	-
Investments in subsidiaries	-	-	83,330	83,330
Club membership, at cost	248	248	-	-
	225,315	244,208	83,330	83,330
Current assets				
Inventories	238,177	204,090	-	-
Trade receivables	516,669	508,120	-	-
Land use rights	487	487	-	-
Prepayments, deposits and other receivables	15,349	12,751	242	227
Due from subsidiaries	-	-	121,234	183,781
Available-for-sale financial assets	2,476	-	-	-
Bank and cash balances	248,671	263,730	350	329
	1,021,829	989,178	121,826	184,337
Total assets	1,247,144	1,233,386	205,156	267,667
Current liabilities				
Trade payables	366,289	393,835	-	-
Accruals, other payables and deposits received	275,382	232,102	259	394
Derivative financial instruments	208	-	-	-
Current tax liabilities	22,475	15,130	-	-
Bank borrowings	12,000	9,000	-	-
	676,354	650,067	259	394
Non-current liabilities				
Bank borrowings	2,000	11,000	-	-
Deferred tax liabilities	3,944	3,944	-	-
	5,944	14,944	-	-
Total liabilities	682,298	665,011	259	394
	564,846	568,375	204,897	267,273
Equity attributable to owners of the Company				
Share capital	36,004	35,860	36,004	35,860
Reserves	528,842	532,515	168,893	231,413
Total equity	564,846	568,375	204,897	267,273

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 2012		As at 31 March 2012	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
12,000	Nil	9,000	Nil

Amount repayable after one year

As at 31 December 2012		As at 31 March 2012	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
2,000	Nil	11,000	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 2012

	The Group		The Group	
	9 months ended 31 December		3 months ended 31 December	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Restated)		(Restated)	
Cash flows from operating activities				
Cash generated from operations of continuing operations:				
Profit before tax	103,398	135,223	30,120	51,225
Adjustments for :				
Equity-settled share-based payments	3,447	3,238	1,094	1,592
Depreciation	32,752	30,406	11,323	11,018
Amortisation of land use rights	364	358	122	121
Losses/(gains) on disposals of property, plant and equipment	38	(212)	13	(123)
Interest expenses	400	433	113	269
Interest income	(885)	(209)	(274)	(124)
Net fair value losses/(gains) on derivative financial instruments	208	(52)	(1,025)	(152)
Provision for impairment of trade receivables	1,069	-	1,069	-
Awards of Performance Share Plan	-	(1,451)	-	-
Operating profit before working capital changes	140,791	167,734	42,555	63,826
(Increase)/decrease in inventories	(35,563)	(81,168)	2,205	92,927
(Increase)/decrease in trade receivables	(8,368)	(52,731)	54,677	11,501
(Increase)/decrease in prepayments, deposits and other receivables	(2,758)	4,814	5,648	(947)
(Decrease)/increase in trade payables	(48,913)	92,138	(77,072)	(97,688)
Increase/(decrease) in accruals, other payables and deposits received	39,380	(1,743)	50,130	6,331
Cash generated from operations	84,569	129,044	78,143	75,950
Income tax paid	(3,419)	(2,175)	(91)	(577)
Interest paid	(400)	(433)	(113)	(269)
Net cash generated from operating activities of continuing operations	80,750	126,436	77,939	75,104
Net cash (used in)/generated from operating activities of discontinued operations	(10,296)	(12,094)	(58)	1,044
Net cash generated from operating activities	70,454	114,342	77,881	76,148
Cash flows from investing activities				
Purchase of property, plant and equipment	(16,040)	(39,932)	(6,302)	(10,618)
Proceeds from disposal of property, plant and equipment	11	337	-	124
Investment in available-for-sale financial assets	(4,025)	-	-	-
Interest received	885	209	274	124
Net cash used in investing activities of continuing operations	(19,169)	(39,386)	(6,028)	(10,370)
Net cash used in investing activities of discontinued operations	-	(3,549)	-	(1,380)
Net cash used in investing activities	(19,169)	(42,935)	(6,028)	(11,750)
Cash flows from financing activities				
Dividend paid	(61,022)	(49,998)	-	-
Net repayment of trust receipt loans/bank borrowings	(6,000)	(38,015)	(3,000)	(61,526)
Proceeds from shares issued in exercise of share options	268	2,142	-	-
Net cash used in financing activities of continuing operations	(66,754)	(85,871)	(3,000)	(61,526)
Net cash from financing activities of discontinued operations	-	-	-	-
Net cash used in financing activities	(66,754)	(85,871)	(3,000)	(61,526)
Net (decrease)/increase in cash and cash equivalents	(15,469)	(14,464)	68,853	2,872
Effect of foreign exchange rate changes	410	1,576	214	512
Cash and cash equivalents at beginning of the period	263,730	136,185	179,604	119,913
Cash and cash equivalents at end of the period	248,671	123,297	248,671	123,297

- 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 owners of the Company								
	Reserves								
	Share capital	Treasury shares	Share premium	Share-based payment reserve	Translation reserve	Statutory reserve (note 1)	Retained earnings	Total reserves	Total equity
Balance at 1 April 2012	HK\$'000 35,860	HK\$'000 -	HK\$'000 90,283	HK\$'000 4,411	HK\$'000 21,202	HK\$'000 1,198	HK\$'000 415,421	HK\$'000 532,515	HK\$'000 568,375
Total comprehensive income for the period	-	-	-	-	231	-	53,547	53,778	53,778
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
Dividend paid	-	-	-	-	-	-	(61,022)	(61,022)	(61,022)
Balance at 31 December 2012	36,004	-	90,516	7,749	21,433	1,198	407,946	528,842	564,846
Balance at 1 April 2011	35,670	(778)	87,244	3,566	14,588	749	335,171	441,318	476,210
Total comprehensive income for the period	-	-	-	-	5,211	-	91,904	97,115	97,115
Issue of shares on exercise of share options	160	-	1,982	-	-	-	-	1,982	2,142
Share-based payments	-	-	-	3,238	-	-	-	3,238	3,238
Awards of Performance Share Plan	-	-	-	(1,451)	-	-	-	(1,451)	(1,451)
Awards from treasury shares	-	778	-	(778)	-	-	-	(778)	-
Dividend paid	-	-	-	-	-	-	(49,998)	(49,998)	(49,998)
Balance at 31 December 2011	35,830	-	89,226	4,575	19,799	749	377,077	491,426	527,256

The Company	Reserves							Total
	Share capital	Treasury shares	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 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)
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
Dividend paid	-	-	-	-	-	(61,022)	(61,022)	(61,022)
Balance at 31 December 2012	36,004	-	90,516	7,749	67,239	3,389	168,893	204,897
Balance at 1 April 2011	35,670	(778)	87,244	3,566	67,239	60,695	218,744	253,636
Total comprehensive income for the period	-	-	-	-	-	(4,815)	(4,815)	(4,815)
Issue of shares on exercise of share options	160	-	1,982	-	-	-	1,982	2,142
Share-based payments	-	-	-	3,238	-	-	3,238	3,238
Awards from treasury shares	-	778	-	(778)	-	-	(778)	-
Awards of Performance Share Plan	-	-	-	(1,451)	-	-	(1,451)	(1,451)
Dividend paid	-	-	-	-	-	(49,998)	(49,998)	(49,998)
Balance at 31 December 2011	35,830	-	89,226	4,575	67,239	5,882	166,922	202,752

Note 1: In accordance with the relevant PRC regulations, the subsidiaries of the Group established in the PRC are required to transfer a certain percentage of the profit after tax, if any, to a statutory reserve. Subject to certain restrictions as set out in the relevant PRC regulations, the statutory reserve may be used to offset the accumulated losses, if any, of the subsidiaries.

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

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

SHARE OPTIONS

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	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

As as 31 December 2011, the Company has the following outstanding share options:

Employee Share Option Scheme	Exercise Price	Balance as at 31.3.2011	Additions	Share options exercised	Balance as at 31.12.2011
(a) Incentive Options (Note 1)	S\$0.225	800,000	-	(800,000)	-
	S\$0.175	400,000	-	(300,000)	100,000
	S\$0.144	1,200,000	-	-	1,200,000
	S\$0.105	2,750,000	-	-	2,750,000
	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
(b) Market Options (Note 2)	S\$0.215	800,000	-	(500,000)	300,000
	S\$0.184	600,000	-	-	600,000
Total		10,100,000	4,900,000	(1,600,000)	13,400,000

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 2012, the Company has the following outstanding Share Awards:

Date of grant	Outstanding at 31 March 2012	Granted	Awarded by way of issue of new shares	Lapsed	Outstanding at 31 December 2012
16 August 2011	1,625,000	-	(1,088,750)	(536,250)	-
19 July 2012	-	700,000	-	-	700,000
Total	1,625,000	700,000	(1,088,750)	(536,250)	700,000

As at 31 December 2012, no shares were held as treasury shares. There were no treasury shares transferred during the period under the Company's Employee Share Option Scheme and Performance Share Plan.

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 2012	358,600,000
Issuance and allotment of shares pursuant to:	
- Employee Share Option Scheme on 17 July 2012	350,000
- Performance Share Plan on 13 September 2012	1,088,750
As at 31 December 2012	<u>360,038,750</u>

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 2012, 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 year beginning 1 April 2012.

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 year beginning 1 April 2012, 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 2012	9 months ended 31 December 2011 (Restated)
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 25.8 cents	HK 32.8 cents
- discontinued operations	HK (10.9) cents	HK (7.1) cents
	HK 14.9 cents	HK 25.7 cents
(b) On a fully diluted basis		
- continuing operations	HK 25.4 cents	HK 32.6 cents
- discontinued operations	HK (10.7) cents	HK (7.0) cents
	HK 14.7 cents	HK 25.6 cents
Number of ordinary shares in issue (excluding treasury shares)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	359,249,318	357,073,658
Effect of potentially dilutive ordinary shares – Share options	4,839,990	2,213,330
Weighted average number of ordinary shares for the purpose of diluted earnings per share	364,089,308	359,286,988

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	
	31.12.2012	31.03.2012	31.12.2012	31.03.2012
	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:	156.9	158.5	56.9	74.5
Number of ordinary shares in issue excluding treasury shares	360,038,750	358,600,000	360,038,750	358,600,000

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 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.

In the previous periods, the Group classified its business into 3 reportable segments, namely Original Equipment Manufacturers products ("OEM"), Original Design Manufacturer products ("ODM") and Licensed products ("Licensing"). Due to the high involvement in the designing and manufacturing engineering process of our OEM customers' products, the differentiation between services provided to the OEM and ODM customers is blurring and may not reflect the actual performance of the each business segment. Accordingly, we begin to classify the business segments with reference to the nature and characteristic of market where the product is sold, namely consumer electronics products ("Consumer Electronics"), industrial and commercial electronics products ("Industrial and Commercial Electronics") and Licensing effective from 1 April 2012.

Review – 3 months ended 31 December 2012 ("Q3 FY2013") vs 3 months ended 31 December 2011 ("Q3 FY2012")

Revenue (Continuing operations)

Revenue from continuing operations decreased by 16.3% or HK\$99.0 million from HK\$607.1 million in Q3 FY2012 to HK\$508.1 million in Q3 FY2013. 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 23.4% to HK\$352.6 million (Q3 FY2012: HK\$460.6 million), mainly contributed by the slowdown in demand from some of our Consumer Electronics customers.

Industrial and Commercial Electronics revenue increased by 6.1% to HK\$155.5 million (Q3 FY2012: HK\$146.5 million), mainly attributable to the increase in demand from some of our Industrial and Commercial Electronics customers.

Gross profit and gross profit margin (Continuing operations)

Gross profit from continuing operations decreased by 25.1% to HK\$64.4 million (Q3 FY2012: HK\$85.9 million) and gross profit margin declined to 12.7% (Q3 FY2012: 14.2%). Such change in gross profit margin was mainly due to a change in product sales mix towards Consumer Electronics during the period.

Other income (Continuing operations)

Other income from continuing operations decreased by 37.0% to HK\$2.9 million (Q3 FY2012: HK\$4.5 million), mainly due to the decrease in net exchange gains by HK\$2.5 million.

Selling and distribution costs (Continuing operations)

Selling and distribution costs of continuing operations decreased by 28.4% to HK\$8.3 million (Q3 FY2012: HK\$11.6 million), as sales commissions paid to our sales representatives declined.

Administrative expenses (Continuing operations)

Administrative expenses of continuing operations increased by 4.4% to HK\$28.5 million (Q3 FY2012: HK\$27.3 million), mainly contributed by the increase in salaries for our administrative and corporate employees compensated by the decrease in administrative expenses as a result of stringent cost control measures implemented.

Profit before tax from continuing operations

As a result of the above, the profit before tax from continuing operations of Q3 FY2013 decreased by 41.2% to HK\$30.1 million (Q3 FY2012: HK\$51.2 million).

Results of discontinued operations

Revenue from discontinued operations increased by 29.7% or HK\$3.0 million from HK\$10.1 million in Q3 FY2012 to HK\$13.1 million in Q3 FY2013 due to the fulfilment of bulk purchase orders from some of our Licensing customers before the effective phase out of licensing arrangement.

The loss from discontinued operations in Q3 FY2013 decreased by 91.0% to HK\$1.1 million from HK\$12.5 million in Q3 FY2012 mainly due to the termination of the Licensing business with minimal operating expenses incurred. No income tax expense was incurred during the period as the Licensing business was loss making.

Review – 9 months ended 31 December 2012 (“9 months FY2013”) vs 9 months ended 31 December 2011 (“9 months FY2012”)**Revenue (Continuing operations)**

Revenue from continuing operations increased by 1.0% or HK\$16.6 million from HK\$1,714.4 million in 9 months FY2012 to HK\$1,731.0 million in 9 months FY2013. Such increase was mainly attributable to the growth from some of our Consumer Electronics customers.

Consumer Electronics revenue increased by 1.3% to HK\$1,267.9 million (9 months FY2012: HK\$1,252.0 million), mainly contributed by the increase in demand from some of our Consumer Electronics customers.

Industrial and Commercial Electronics revenue increased by 0.2% to HK\$463.1 million (9 months FY2012: HK\$462.4 million), mainly attributable to the increase in demand from some of our Industrial and Commercial Electronics customers.

Gross profit and gross profit margin (Continuing operations)

Gross profit from continuing operations decreased by 14.1% to HK\$210.6 million (9 months FY2012: HK\$245.1 million) and gross profit margin decreased to 12.2% (9 months FY2012: 14.3%). Such change in gross profit margin was mainly due to the change in product sales mix towards Consumer Electronics during the period.

Other income (Continuing operations)

Other income from continuing operations decreased by 21.7% to HK\$8.4 million (9 months FY2012: HK\$10.7 million), mainly due to the decrease in net exchange gains by HK\$2.9 million.

Selling and distribution costs (Continuing operations)

Selling and distribution costs of continuing operations decreased by 31.1% to HK\$27.3 million (9 months FY2012: HK\$39.7 million), as sales commissions paid to our sales representatives declined.

Administrative expenses (Continuing operations)

Administrative expenses of continuing operations increased by 2.5% to HK\$85.5 million (9 months FY2012: HK\$83.4 million), mainly contributed by the increase in salaries for our administrative and corporate employees compensated by the decrease in administrative expenses as a result of stringent cost control measures implemented.

Profit before tax from continuing operations

As a result of the above, the profit before tax from continuing operations of 9 months FY2013 decreased by 23.5% to HK\$103.4 million (9 months FY2012: HK\$135.2 million).

Results of discontinued operations

Revenue from discontinued operations decreased by 51.1% or HK\$29.1 million from HK\$57.0 million in 9 months FY2012 to HK\$27.9 million in 9 months FY2013, as a result of the termination of the Licensing business during the period. (See Page 3, Note 5)

The loss from discontinued operations of 9 months FY2013 increased by 55.9% to HK\$39.1 million from HK\$25.1 million in 9 months FY2012, resulting from a termination expenditure of HK\$25.0 million and provision for impairment loss on property, plant and equipment of HK\$3.0 million. No income tax expense was incurred during the period as the Licensing business was loss making.

Financial position and cash flows

As at 31 December 2012, the Group had net current assets of HK\$345.5 million (31 March 2012: HK\$339.1 million), total assets of HK\$1,247.1 million (31 March 2012: HK\$1,233.4 million) and shareholders' funds of HK\$564.8 million (31 March 2012: HK\$568.4 million).

The Group's trade receivables increased by HK\$8.6 million or 1.7% from HK\$508.1 million as at 31 March 2012 to HK\$516.7 million as at 31 December 2012. The Group's inventories increased by HK\$34.1 million or 16.7% from HK\$204.1 million as at 31 March 2012 to HK\$238.2 million as at 31 December 2012. These changes are in line with the sales mix during the period. The Group's trade payables decreased by HK\$27.5 million from HK\$393.8 million or 7.0% as at 31 March 2012 to HK\$366.3 million as at 31 December 2012.

The working capital of the Group as at 31 December 2012, which is the sum of trade receivables and inventories less trade payables, was HK\$388.6 million (31 March 2012: HK\$318.4 million).

As at 31 December 2012, the Group had cash and cash equivalents of HK\$248.7 million (31 March 2012: HK\$263.7 million) owing to changes in working capital and payment of final dividend during the period.

The Group's bank borrowings as at 31 December 2012 amounted to HK\$14.0 million (31 March 2012: HK\$20.0 million), arising from term loans for acquisitions of machineries. The net cash as at 31 December 2012, which is equivalent to the net balance of cash and cash equivalents and bank borrowings, amounted to HK\$234.7 million (31 March 2012: HK\$243.7 million).

Statement of cash flows

Cash and cash equivalents held by the Group stood at HK\$248.7 million as at 31 December 2012 (31 March 2012: HK\$263.7 million). This was mainly contributed by the changes in working capital and payment of final dividend during the period.

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.

During Q3 FY2013, the Group continued to experience slowdown in orders from some of its Consumer Electronics customers. However a stabilizing, albeit weak economic outlook in US and Europe may moderate any further downside. Price reduction requested by some of our major customers that cannot be offset by productivity gains coupled with prevailing market uncertainties in demand and continuing cost escalations in China, the operating conditions will remain challenging in 2013.

Our termination of the Licensing business in August 2012 and its attendant provision for termination expenditure and impairment loss for property, plant and equipment of HK\$28.0 million was recorded in Q2 FY2013. Upon cessation of the Licensing business, savings are estimated to be approximately HK\$12.0 million per annum through reduced staff and rental expenses.

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. In addition, the Group will actively drive its business development activities so as to widen its customer and product portfolios in Industrial and Commercial Electronics and to improve its profitability.

Barring unforeseen circumstances the directors expect the Group to remain profitable 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 Q3 FY2013.

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 2012 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

Chow Kok Kit
Executive Director

5 February 2013