

## Financial Statements and Related Announcement::Second Quarter and/ or Half Yearly Results

## Issuer &amp; Securities

<b>Issuer/ Manager</b>	VALUETRONICS HOLDINGS LIMITED
<b>Securities</b>	VALUETRONICS HOLDINGS LIMITED - BMG9316Y1084 - BN2
<b>Stapled Security</b>	No

## Announcement Details

<b>Announcement Title</b>	Financial Statements and Related Announcement
<b>Date &amp; Time of Broadcast</b>	04-Nov-2016 19:51:41
<b>Status</b>	New
<b>Announcement Sub Title</b>	Second Quarter and/ or Half Yearly Results
<b>Announcement Reference</b>	SG161104OTHLINB
<b>Submitted By (Co./ Ind. Name)</b>	Tse Chong Hing
<b>Designation</b>	Chairman and Managing Director
<b>Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)</b>	PLEASE SEE ATTACHED.

## Additional Details

<b>For Financial Period Ended</b>	30/09/2016
<b>Attachments</b>	<a href="#">📄 Q2 FY2017 Results announcement.pdf</a> Total size =158K

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**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 2016****PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

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

**Consolidated Income Statement for the period ended 30 September 2016**

	The Group			The Group		
	6 months ended 30 September			3 months ended 30 September		
	2016	2015	Change	2016	2015	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
<b>Revenue</b>	1,051,177	1,076,577	-2.4	573,680	526,540	9.0
Cost of sales	(891,039)	(921,075)	-3.3	(490,150)	(449,499)	9.0
<b>Gross profit</b>	<b>160,138</b>	<b>155,502</b>	<b>3.0</b>	<b>83,530</b>	<b>77,041</b>	<b>8.4</b>
Selling and distribution expenses	(14,947)	(12,474)	19.8	(6,887)	(3,994)	72.4
Administrative expenses	(73,250)	(71,776)	2.1	(37,106)	(36,485)	1.7
Other income and gains, net	5,392	3,538	52.4	3,422	151	2,166.2
<b>Operating profit</b>	<b>77,333</b>	<b>74,790</b>	<b>3.4</b>	<b>42,959</b>	<b>36,713</b>	<b>17.0</b>
Finance costs	(322)	(415)	-22.4	(171)	(181)	-5.5
<b>Profit before income tax</b>	<b>77,011</b>	<b>74,375</b>	<b>3.5</b>	<b>42,788</b>	<b>36,532</b>	<b>17.1</b>
Income tax expense	(9,367)	(8,688)	7.8	(4,730)	(4,329)	9.3
<b>Profit for the period</b>	<b>67,644</b>	<b>65,687</b>	<b>3.0</b>	<b>38,058</b>	<b>32,203</b>	<b>18.2</b>
<b>Attributable to:</b>						
Owners of the Company	67,644	65,687	3.0	38,058	32,203	18.2

## Consolidated Statement of Comprehensive Income for the period ended 30 September 2016

	The Group			The Group		
	6 months ended 30 September			3 months ended 30 September		
	2016	2015	Change	2016	2015	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
<b>Profit for the period</b>	<b>67,644</b>	<b>65,687</b>	<b>3.0</b>	<b>38,058</b>	<b>32,203</b>	<b>18.2</b>
<b>Other comprehensive income:</b>						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translating foreign operations	(1,842)	(2,706)	-31.9	(1,842)	(2,706)	-31.9
<b>Other comprehensive income for the period, net of tax</b>	<b>(1,842)</b>	<b>(2,706)</b>	<b>-31.9</b>	<b>(1,842)</b>	<b>(2,706)</b>	<b>-31.9</b>
<b>Total comprehensive income for the period</b>	<b>65,802</b>	<b>62,981</b>	<b>4.5</b>	<b>36,216</b>	<b>29,497</b>	<b>22.8</b>
<b>Attributable to:</b>						
Owners of the Company	65,802	62,981	4.5	36,216	29,497	22.8

**Note:**

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

	The Group		The Group	
	6 months ended 30 September		3 months ended 30 September	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation on property, plant and equipment	16,361	19,329	8,139	9,714
Amortisation of land use rights	231	246	114	123
(Gains)/losses on disposals of property, plant and equipment	(284)	(330)	(615)	189
Interest income	(3,614)	(2,142)	(2,412)	(1,529)
Bank charges	322	415	171	181
Net exchange (gains)/losses	(120)	1,236	225	1,494
Net fair value (gains)/losses on derivative financial instruments (Note 1)	-	(1,169)	-	364

Note 1: The Group entered into certain foreign exchange forward contracts to hedge against its exposure to Renminbi and Singapore Dollar during the last period. The net fair value gains/losses on derivative financial instruments represented the unrealised gains/losses on mark-to-market values of these contracts as at period end date.

**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 30 September 2016**

	The Group		The Company	
	At 30.9.2016	At 31.3.2016	At 30.9.2016	At 31.3.2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Land use rights	18,294	19,001	-	-
Property, plant and equipment	150,306	163,637	-	-
Interests in subsidiaries	-	-	83,330	83,330
Available-for-sale financial assets	64,154	71,904	-	-
Others	232	238	-	-
<b>Total non-current assets</b>	<b>232,986</b>	<b>254,780</b>	<b>83,330</b>	<b>83,330</b>
<b>Current assets</b>				
Inventories	267,806	198,682	-	-
Trade receivables	455,808	343,155	-	-
Other receivables and prepayments	17,457	9,468	293	426
Due from subsidiaries	-	-	259,846	332,775
Available-for-sale financial assets	10,310	10,606	-	-
Cash and cash equivalents	659,185	689,260	4,420	4,919
<b>Total current assets</b>	<b>1,410,566</b>	<b>1,251,171</b>	<b>264,559</b>	<b>338,120</b>
<b>Total assets</b>	<b>1,643,552</b>	<b>1,505,951</b>	<b>347,889</b>	<b>421,450</b>
<b>EQUITY</b>				
Share capital	38,439	38,014	38,439	38,014
Treasury shares	(6,970)	(1,980)	(6,970)	(1,980)
Reserves	820,475	821,265	316,019	385,134
<b>Total equity</b>	<b>851,944</b>	<b>857,299</b>	<b>347,488</b>	<b>421,168</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Deferred tax liabilities	3,023	3,023	-	-
<b>Total non-current liabilities</b>	<b>3,023</b>	<b>3,023</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Trade payables	425,989	286,209	-	-
Other payables and accruals	333,266	338,534	401	282
Current income tax liabilities	29,330	20,886	-	-
<b>Total current liabilities</b>	<b>788,585</b>	<b>645,629</b>	<b>401</b>	<b>282</b>
<b>Total liabilities</b>	<b>791,608</b>	<b>648,652</b>	<b>401</b>	<b>282</b>
<b>Total equity and liabilities</b>	<b>1,643,552</b>	<b>1,505,951</b>	<b>347,889</b>	<b>421,450</b>
<b>Net current assets</b>	<b>621,981</b>	<b>605,542</b>	<b>264,158</b>	<b>337,838</b>
<b>Total assets less current liabilities</b>	<b>854,967</b>	<b>860,322</b>	<b>347,488</b>	<b>421,168</b>

**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 2016		As at 31 March 2016	
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 2016		As at 31 March 2016	
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 30 September 2016**

	The Group		The Group	
	6 months ended 30 September		3 months ended 30 September	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Cash flows from operating activities</b>				
Cash generated from operations:				
Profit before income tax	77,011	74,375	42,788	36,532
Adjustments for :				
Amortisation of land use rights	231	246	114	123
Depreciation on property, plant and equipment	16,361	19,329	8,139	9,714
(Gains)/losses on disposals of property, plant and equipment	(284)	(330)	(615)	189
Net fair value (gains)/losses on derivative financial instruments	-	(1,169)	-	364
Share-based compensation	2,857	2,823	1,467	1,571
Interest income	(3,614)	(2,142)	(2,412)	(1,529)
<b>Operating profit before working capital changes</b>	<b>92,562</b>	<b>93,132</b>	<b>49,481</b>	<b>46,964</b>
(Increase)/decrease in inventories	(69,124)	21,280	(17,936)	35,570
(Increase)/decrease in trade receivables	(112,653)	48,738	(78,923)	48,367
(Increase)/decrease in prepayments, deposits and other receivables	(7,777)	(5,246)	(4,389)	25,804
Increase/(decrease) in trade payables	139,780	(32,864)	59,269	(63,265)
Decrease in accruals, other payables and deposits received	(5,268)	(1,332)	(17,824)	(32,181)
<b>Cash generated from/(used in) operations</b>	<b>37,520</b>	<b>123,708</b>	<b>(10,322)</b>	<b>61,259</b>
Income tax paid	(923)	(3,070)	(646)	-
<b>Net cash generated from/(used in) operating activities</b>	<b>36,597</b>	<b>120,638</b>	<b>(10,968)</b>	<b>61,259</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(6,874)	(20,739)	(4,993)	(12,031)
Proceeds from disposals of property, plant and equipment	2,087	870	1,128	236
Purchase of available-for-sale financial assets	-	(23,243)	-	-
Redemption of available-for-sale financial assets	8,046	3,750	-	3,750
Interest received	3,614	2,142	2,412	1,529
<b>Net cash generated from/(used in) investing activities</b>	<b>6,873</b>	<b>(37,220)</b>	<b>(1,453)</b>	<b>(6,516)</b>
<b>Cash flows from financing activities</b>				
Purchase of Treasury Shares	(4,990)	-	(4,990)	-
Dividend paid	(75,843)	(75,478)	(75,843)	(75,478)
Proceeds from shares issued in exercise of share options	6,819	5,414	6,819	5,414
<b>Net cash used in financing activities</b>	<b>(74,014)</b>	<b>(70,064)</b>	<b>(74,014)</b>	<b>(70,064)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(30,544)</b>	<b>13,354</b>	<b>(86,435)</b>	<b>(15,321)</b>
Effect of foreign exchange rate changes	469	(805)	681	(659)
<b>Cash and cash equivalents at beginning of the period</b>	<b>689,260</b>	<b>505,847</b>	<b>744,939</b>	<b>534,376</b>
<b>Cash and cash equivalents at end of the period</b>	<b>659,185</b>	<b>518,396</b>	<b>659,185</b>	<b>518,396</b>

**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 30 September 2016**

The Group	Attributable to the owners of the Company								
	Reserves								
	Share capital	Treasury share	Share premium	Share-based payment reserve	Currency translation reserve	Statutory reserve (Note)	Retained earnings	Total reserves	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2016	38,014	(1,980)	120,522	7,829	18,359	3,063	671,492	821,265	857,299
Total comprehensive income for the period	-	-	-	-	(1,842)	-	67,644	65,802	65,802
Dividends paid	-	-	-	-	-	-	(75,843)	(75,843)	(75,843)
Issue of shares on exercise of share options	425	-	6,394	-	-	-	-	6,394	6,819
Transfer to share premium under exercise of share options	-	-	3,917	(3,917)	-	-	-	-	-
Share-based compensation	-	-	-	2,857	-	-	-	2,857	2,857
Lapse of share options	-	-	-	(75)	-	-	75	-	-
Purchase of treasury shares	-	(4,990)	-	-	-	-	-	-	(4,990)
Changes in equity for the period	425	(4,990)	10,311	(1,135)	(1,842)	-	(8,124)	(790)	(5,355)
<b>Balance at 30 September 2016</b>	<b>38,439</b>	<b>(6,970)</b>	<b>130,833</b>	<b>6,694</b>	<b>16,517</b>	<b>3,063</b>	<b>663,368</b>	<b>820,475</b>	<b>851,944</b>
Balance at 1 April 2015	37,473	-	112,471	5,808	23,333	2,873	626,585	771,070	808,543
Total comprehensive income for the period	-	-	-	-	(2,706)	-	65,687	62,981	62,981
Dividends paid	-	-	-	-	-	-	(75,478)	(75,478)	(75,478)
Issue of shares on exercise of share options	541	-	4,873	-	-	-	-	4,873	5,414
Transfer to share premium under exercise of share options	-	-	3,178	(3,178)	-	-	-	-	-
Share-based compensation	-	-	-	2,823	-	-	-	2,823	2,823
Lapse of share options	-	-	-	(137)	-	-	137	-	-
Changes in equity for the period	541	-	8,051	(492)	(2,706)	-	(9,654)	(4,801)	(4,260)
<b>Balance at 30 September 2015</b>	<b>38,014</b>	<b>-</b>	<b>120,522</b>	<b>5,316</b>	<b>20,627</b>	<b>2,873</b>	<b>616,931</b>	<b>766,269</b>	<b>804,283</b>

The Company	Reserves							
	Share capital	Treasury Share	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	HK\$'000
Balance at 1 April 2016	38,014	(1,980)	120,522	7,829	67,239	189,544	385,134	421,168
Total comprehensive income for the period	-	-	-	-	-	(2,523)	(2,523)	(2,523)
Dividends paid	-	-	-	-	-	(75,843)	(75,843)	(75,843)
Issue of shares on exercise of share options	425	-	6,394	-	-	-	6,394	6,819
Transfer to share premium under exercise of share options	-	-	3,917	(3,917)	-	-	-	-
Share-based compensation	-	-	-	2,857	-	-	2,857	2,857
Lapse of share options	-	-	-	(75)	-	75	-	-
Purchase of treasury shares	-	(4,990)	-	-	-	-	-	(4,990)
Changes in equity for the period	425	(4,990)	10,311	(1,135)	-	(78,291)	(69,115)	(73,680)
<b>Balance at 30 September 2016</b>	<b>38,439</b>	<b>(6,970)</b>	<b>130,833</b>	<b>6,694</b>	<b>67,239</b>	<b>111,253</b>	<b>316,019</b>	<b>347,488</b>
Balance at 1 April 2015	37,473	-	112,471	5,808	67,239	148,562	334,080	371,553
Total comprehensive income for the period	-	-	-	-	-	(5,068)	(5,068)	(5,068)
Dividends paid	-	-	-	-	-	(75,478)	(75,478)	(75,478)
Issue of shares on exercise of share options	541	-	4,873	-	-	-	4,873	5,414
Transfer to share premium under exercise of share options	-	-	3,178	(3,178)	-	-	-	-
Share-based compensation	-	-	-	2,823	-	-	2,823	2,823
Lapse of share options	-	-	-	(137)	-	137	-	-
Changes in equity for the period	541	-	8,051	(492)	-	(80,409)	(72,850)	(72,309)
<b>Balance at 30 September 2015</b>	<b>38,014</b>	<b>-</b>	<b>120,522</b>	<b>5,316</b>	<b>67,239</b>	<b>68,153</b>	<b>261,230</b>	<b>299,244</b>

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.**

As at 30 September 2016, the number of ordinary shares in issue was 384,388,750 of which 2,587,000 were held by the Company as treasury shares. The share capital was \$38 million.

As at 31 March 2016, the number of ordinary shares in issue was 380,138,750 of which 925,400 were held by the Company as treasury shares. The share capital was \$38 million.

### SHARE OPTIONS

As at 30 September 2016, the Company has the following outstanding share options:

Employee Share Option Scheme	Exercise Price	Balance as at 31.3.2016	Additions	Share options exercised	Lapsed	Balance as at 30.9.2016
(a) Incentive Options (Note 1)	S\$0.162	2,200,000	-	(2,200,000)	-	-
	S\$0.406	5,850,000	-	(2,050,000)	(50,000)	3,750,000
	S\$0.295	6,500,000	-	-	(50,000)	6,450,000
	S\$0.417	-	3,575,000	-	-	3,575,000
(b) Market Options (Note 2)	S\$0.521	-	2,225,000	-	-	2,225,000
Total		14,550,000	5,800,000	(4,250,000)	(100,000)	16,000,000

As at 30 September 2015, the Company has the following outstanding share options:

Employee Share Option Scheme	Exercise Price	Balance as at 31.3.2015	Additions	Share options exercised	Lapsed	Balance as at 30.9.2015
(a) Incentive Options (Note 1)	S\$0.174	462,500	-	(462,500)	-	-
	S\$0.201	2,200,000	-	(2,200,000)	-	-
	S\$0.162	5,050,000	-	(2,750,000)	(100,000)	2,200,000
	S\$0.406	6,000,000	-	-	(150,000)	5,850,000
	S\$0.295	-	6,500,000	-	-	6,500,000
Total		13,712,500	6,500,000	(5,412,500)	(250,000)	14,550,000

#### 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

The Company have not outstanding performance shares as at 30 September 2016 and 31 March 2016.

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

Total number of issued shares was 384,388,750 and 380,138,750 as at 30 September 2016 and 31 March 2016 respectively.

Total number of treasury shares was 2,587,000 and 925,400 as at 30 September 2016 and 31 March 2016 respectively.

Total number of issued shares (excluding treasury shares) was 381,801,750 and 379,213,350 as at 30 September 2016 and 31 March 2016 respectively.

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited annual financial statements for the year ended 31 March 2016. The adoption of the new and revised IFRSs, which are effective for the financial period beginning on 1 April 2016, did not result in significant changes to the Group's accounting policies or have any material impact on the Group's and the Company's financial statements.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	The Group	
	6 months ended 30 September 2016	6 months ended 30 September 2015
Earnings per ordinary share based on the net profit for the period		
(a) Based on weighted average number of ordinary shares on issue; and	HK 17.8 cents	HK 17.5 cents
(b) On a fully diluted basis	HK 17.7 cents	HK 17.4 cents
Number of ordinary shares in issue (excluding treasury shares)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	379,909,241	376,362,725
Effect of potentially dilutive ordinary shares – Share options	2,161,029	1,277,678
Weighted average number of ordinary shares for the purpose of diluted earnings per share	382,070,270	377,640,403

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	
	30.09.2016	31.03.2016	30.09.2016	31.03.2016
	HK dollar	HK dollar	HK dollar	HK dollar
Net asset value per ordinary share based on issued share capital excluding treasury shares at the end of the period:	2.2	2.3	0.9	1.1
Number of ordinary shares in issue excluding treasury shares	381,801,750	379,213,350	381,801,750	379,213,350

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 Electronics”).

**Review – 3 months ended 30 September 2016 (“Q2 FY2017”) vs 3 months ended 30 September 2015 (“Q2 FY2016”)****Revenue**

Revenue increased by 9.0% or HK\$47.2 million from HK\$526.5 million in Q2 FY2016 to HK\$573.7 million in Q2 FY2017.

Industrial and Commercial Electronics revenue increased by 8.7% to HK\$312.6 million (Q2 FY2016: HK\$287.5 million). Such increase was mainly contributed by the increase in demand from some of our Industrial and Commercial Electronics customers.

Consumer Electronics revenue increased by 9.2% to HK\$261.1 million (Q2 FY2016: HK\$239.0 million), which was mainly due to the increase in demand from some of our Consumer Electronics customers and expansion of product portfolio to include wireless lighting with smart control features.

**Gross profit and gross profit margin**

Gross profit increased by 8.4% to HK\$83.5 million (Q2 FY2016: HK\$77.0 million), while gross profit margin remained stable at 14.6% (Q2 FY2016: 14.6%).

**Other income and gains, net**

Other income increased by HK\$3.3 million from the corresponding period of last year (Q2 FY2016: HK\$0.1 million) to HK\$3.4 million. The improvement was mainly due to the increase in interest income, and decrease in net exchange losses and net fair value losses on derivative financial instruments.

**Selling and distribution expenses**

Selling and distribution costs increased by HK\$2.9 million from the corresponding period of last year (Q2 FY2016: HK\$4.0 million) to HK\$6.9 million. During the last period, the Group recorded a write-back of provision for sales returns and claims amounted to HK\$3.4 million.

**Administrative expenses**

Administrative expenses increased slightly by 1.7% to HK\$37.1 million (Q2 FY2016: HK\$36.5 million), such increase was in line with the inflation.

**Profit for the period**

As a result of the above, the net profit for the period increased by 18.2% to HK\$38.1 million (Q2 FY2016: HK\$32.2 million).

**Review – 6 months ended 30 September 2016 (“1H FY2017”) vs 6 months ended 30 September 2015 (“1H FY2016”)****Revenue**

Revenue decreased slightly by 2.4% or HK\$25.4 million from HK\$1,076.6 million in 1H FY2016 to HK\$1,051.2 million in 1H FY2017.

Industrial and Commercial Electronics revenue increased by 12.1% to HK\$625.1 million (1H FY2016: HK\$557.4 million), mainly attributed to the increase in demand from some of our Industrial and Commercial customers.

Consumer Electronics revenue decreased by 17.9% to HK\$426.1 million (1H FY2016: HK\$519.2 million), which was mainly due to the exit from the mass market LED light bulb business in the third quarter of last financial year. However, the impact from the discontinued mass market LED products was mitigated by the introduction of new products, wireless lighting with smart control features in Q2 FY2017.

**Gross profit and gross profit margin**

Gross profit increased by 3.0% to HK\$160.1 million (1H FY2016: HK\$155.5 million) and gross profit margin improved to 15.2% (1H FY2016: 14.4%). Improved gross profit margin was mainly due to the change in product sales mix during the period with higher revenue contribution from the Industrial and Commercial Electronics segment.

**Other income and gains, net**

Other income increased by 52.4% to HK\$5.4 million (1H FY2016: HK\$3.5 million), mainly due to the increase in interest income.

**Selling and distribution expenses**

Selling and distribution costs increased by 19.8% to HK\$14.9 million (1H FY2016: HK\$12.5 million). During the last period, the Group recorded a write-back of provision for sales returns and claims amounted to HK\$3.4 million.

**Administrative expenses**

Administrative expenses increased slightly by 2.1% to HK\$73.3 million (1H FY2016: HK\$71.8 million), such increase was in line with the inflation.

**Profit for the period**

As a result of the above, the net profit for the period increased by 3.0% to HK\$67.6 million (1H FY2016: HK\$65.7 million).

**Financial position and cash flows**

As at 30 September 2016, the Group had net current assets of HK\$622.0 million (31 March 2016: HK\$605.5 million), total assets of HK\$1,643.6 million (31 March 2016: HK\$1,506.0 million) and shareholders' funds of HK\$851.9 million (31 March 2016: HK\$857.3 million).

The Group's trade receivables increased by HK\$112.6 million from HK\$343.2 million as at 31 March 2016 to HK\$455.8 million as at 30 September 2016. The Group's trade payables increased by HK\$139.8 million from HK\$286.2 million as at 31 March 2016 to HK\$426.0 million as at 30 September 2016. The Group's inventories increased by HK\$69.1 million from HK\$198.7 million as at 31 March 2016 to HK\$267.8 million as at 30 September 2016. Such increases in Balance Sheet items were in line with the growth in sales and production in Q2 FY2017 as compared to the fourth quarter of last financial year.

The working capital of the Group as at 30 September 2016, which is the sum of trade receivables and inventories less trade payables, was HK\$297.6 million (31 March 2016: HK\$255.7 million).

As at 30 September 2016, the Group had cash and cash equivalents of HK\$659.2 million (31 March 2016: HK\$689.3 million) following the distribution of cash dividend of HK\$75.8 million during the period. Over 96% of its cash and cash equivalents were kept in reputable financial institutions in Hong Kong. For the remaining balance, mainly in PRC, the cash and cash equivalents were placed in equivalent reputable financial institutions. The cash and cash equivalents are annually audited by the Group's auditors.

**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 Q2FY2017, Valuetronics continued to benefit from the widened customer base in the Industrial and Commercial Electronics (“ICE”) segment, while Consumer Electronics (“CE”) segment has shown a return to revenue growth driven by the introduction of new smart lighting products. Led by revenue growth from both segments, the net profit for the period has increased by 18% compared to the corresponding period last year.

Our CE segment recorded revenue growth from a portfolio of products with consumer applications as well as new revenue stream from smart lighting products. Leveraging on our manufacturing expertise in LED products, we started the mass production of wireless lighting products with smart control features in Q2FY2017. These wireless lighting products contain various LEDs that specially chosen to produce wide range of intensities and over 16 million colours via mobile application which allows users to control the lighting from anywhere.

Our ICE segment continued to deliver growth in Q2FY2017, which was driven by connectivity modules used in automotive industry. Valuetronics is well positioned to ride on the rise of in-car connectivity, and will further pursue such opportunities and others, within the automotive industry.

The wireless lighting in our CE segment and in-car connectivity modules in our ICE segment are examples of adoption of connectivity elements to traditional electronic products, as a result of the global trend towards the Internet-of-Things (“IOT”). Valuetronics will ride on the opportunities in the confluence of technologies under the IOT. While we are well positioned to take advantage of a widened product portfolio and opportunities in the pipeline, we are operating in an uncertain macro-economic environment in common with most manufacturers. We remain mindful on the impacts on the overall business which may result from a US interest rate hike and a slip in general business confidence. Barring unforeseen circumstances, the directors expect the Group to remain profitable for the financial year ended 31 March 2017.

**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 FY2017.

**13. If the Group has obtained a general mandate from shareholders for interested person transactions (“IPTs”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If not IPT mandate has been obtained, a statement to that effect.**

The Company does not have a Shareholders' Mandate for IPTs.

**14. Confirmation By the Company Pursuant to Rule 720(1) of the Listing Rules of Singapore Exchange Securities Trading Limited**

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

**15. Confirmation By Directors Pursuant to Clause 705(5) of the Listing Manual of SGX-ST**

We, Tse Chong Hing and Chow Kok Kit, being two of the Directors of Valuetronics Holdings Limited (the “Company”), confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the period ended 30 September 2016 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*  
4 November 2016

**Chow Kok Kit**  
*Executive Director*