

## 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>	09-Nov-2017 07:21:56
<b>Status</b>	New
<b>Announcement Sub Title</b>	Second Quarter and/ or Half Yearly Results
<b>Announcement Reference</b>	SG171109OTHRY54W
<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>	30/09/2017
<b>Attachments</b>	<a href="#">VHL- 2QFY2018 Results.pdf</a> Total size =161K

**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 2017****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 2017**

	The Group			The Group		
	6 months ended 30 September			3 months ended 30 September		
	2017	2016	Change	2017	2016	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
<b>Revenue</b>	1,421,377	1,051,177	35.2	725,699	573,680	26.5
Cost of sales	(1,212,193)	(891,039)	36.0	(620,852)	(490,150)	26.7
<b>Gross profit</b>	<b>209,184</b>	<b>160,138</b>	<b>30.6</b>	<b>104,847</b>	<b>83,530</b>	<b>25.5</b>
Selling and distribution expenses	(18,266)	(14,947)	22.2	(8,115)	(6,887)	17.8
Administrative expenses	(82,140)	(73,250)	12.1	(42,104)	(37,106)	13.5
Other income and gains, net	4,731	5,392	-12.3	3,348	3,422	-2.2
<b>Operating profit</b>	<b>113,509</b>	<b>77,333</b>	<b>46.8</b>	<b>57,976</b>	<b>42,959</b>	<b>35.0</b>
Finance costs	(381)	(322)	18.3	(97)	(171)	-43.3
<b>Profit before income tax</b>	<b>113,128</b>	<b>77,011</b>	<b>46.9</b>	<b>57,879</b>	<b>42,788</b>	<b>35.3</b>
Income tax expense	(13,562)	(9,367)	44.8	(7,057)	(4,730)	49.2
<b>Profit for the period</b>	<b>99,566</b>	<b>67,644</b>	<b>47.2</b>	<b>50,822</b>	<b>38,058</b>	<b>33.5</b>
<b>Attributable to:</b>						
Owners of the Company	99,566	67,644	47.2	50,822	38,058	33.5

## Consolidated Statement of Comprehensive Income for the period ended 30 September 2017

	The Group			The Group		
	6 months ended 30 September			3 months ended 30 September		
	2017	2016	Change	2017	2016	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
<b>Profit for the period</b>	<b>99,566</b>	<b>67,644</b>	<b>47.2</b>	<b>50,822</b>	<b>38,058</b>	<b>33.5</b>
<b>Other comprehensive loss, net of tax:</b>						
<i>Items that may be reclassified to profit or loss:</i>						
Currency translation differences	3,484	(1,842)	-289.1	3,484	(1,842)	-289.1
<b>Total comprehensive income for the period</b>	<b>103,050</b>	<b>65,802</b>	<b>56.6</b>	<b>54,306</b>	<b>36,216</b>	<b>50.0</b>
<b>Attributable to:</b>						
Owners of the Company	103,050	65,802	56.6	54,306	36,216	50.0

**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	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation on property, plant and equipment	16,263	16,361	8,897	8,139
Amortisation of land use rights	222	231	112	114
Gains on disposals of property, plant and equipment	(340)	(284)	(265)	(615)
Interest income	(4,717)	(3,614)	(2,506)	(2,412)
Bank charges	381	322	97	171
Net exchange losses / (gains)	1,584	(120)	303	225

**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 2017**

	The Group		The Company	
	At 30.9.2017	At 31.3.2017	At 30.9.2017	At 31.3.2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Land use rights	17,992	17,443	-	-
Property, plant and equipment *	205,009	157,133	-	-
Interests in subsidiaries	-	-	83,330	83,330
Available-for-sale financial assets	38,630	17,142	-	-
Others	8,612	16,161	-	-
<b>Total non-current assets</b>	<b>270,243</b>	<b>207,879</b>	<b>83,330</b>	<b>83,330</b>
<b>Current assets</b>				
Inventories	416,354	291,864	-	-
Trade receivables	588,790	486,275	-	-
Other receivables and prepayments	37,810	29,296	386	328
Due from subsidiaries	-	-	303,203	366,439
Available-for-sale financial assets	47,012	54,762	-	-
Cash and bank deposits	627,483	752,941	4,135	1,760
<b>Total current assets</b>	<b>1,717,449</b>	<b>1,615,138</b>	<b>307,724</b>	<b>368,527</b>
<b>Total assets</b>	<b>1,987,692</b>	<b>1,823,017</b>	<b>391,054</b>	<b>451,857</b>
<b>EQUITY</b>				
Share capital	43,240	38,439	43,240	38,439
Treasury shares	(8,298)	(8,268)	(8,298)	(8,268)
Reserves	945,438	908,403	355,747	421,232
<b>Total equity</b>	<b>980,380</b>	<b>938,574</b>	<b>390,689</b>	<b>451,403</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Deferred income tax liabilities	3,294	3,294	-	-
<b>Total non-current liabilities</b>	<b>3,294</b>	<b>3,294</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Trade payables	584,859	484,708	-	-
Other payables and accruals	374,813	365,849	365	454
Current income tax liabilities	44,346	30,592	-	-
<b>Total current liabilities</b>	<b>1,004,018</b>	<b>881,149</b>	<b>365</b>	<b>454</b>
<b>Total liabilities</b>	<b>1,007,312</b>	<b>884,443</b>	<b>365</b>	<b>454</b>
<b>Total equity and liabilities</b>	<b>1,987,692</b>	<b>1,823,017</b>	<b>391,054</b>	<b>451,857</b>
<b>Net current assets</b>	<b>713,431</b>	<b>733,989</b>	<b>307,359</b>	<b>368,073</b>
<b>Total assets less current liabilities</b>	<b>983,674</b>	<b>941,868</b>	<b>390,689</b>	<b>451,403</b>

\*The increase in property, plant and equipment mainly represented additions of SMT line and shop floor Manufacturing Execution System.

**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 2017		As at 31 March 2017	
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 2017		As at 31 March 2017	
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 2017**

	The Group		The Group	
	6 months ended 30 September		3 months ended 30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Cash flows from operating activities</b>				
Profit before income tax	113,128	77,011	57,879	42,788
Adjustments for :				
Amortisation of land use rights	222	231	112	114
Depreciation on property, plant and equipment	16,263	16,361	8,897	8,139
Gains on disposals of property, plant and equipment	(340)	(284)	(265)	(615)
Share-based compensation	2,946	2,857	1,197	1,467
Interest income	(4,717)	(3,614)	(2,506)	(2,412)
	<b>127,502</b>	<b>92,562</b>	<b>65,314</b>	<b>49,481</b>
Changes in working capital:				
Increase in inventories	(124,490)	(69,124)	(58,238)	(17,936)
Increase in trade receivables	(102,515)	(112,653)	(26,228)	(78,923)
Increase in prepayments, deposits and other receivables	(955)	(7,777)	(114)	(4,389)
Increase in trade payables	100,151	139,780	14,757	59,269
Increase / (decrease) in accruals, other payables and deposits received	8,964	(5,268)	(10,086)	(17,824)
<b>Net cash generated from / (used in) operations</b>	<b>8,657</b>	<b>37,520</b>	<b>(14,595)</b>	<b>(10,322)</b>
Income tax paid	(377)	(923)	(32)	(646)
<b>Net cash generated from / (used in) operating activities</b>	<b>8,280</b>	<b>36,597</b>	<b>(14,627)</b>	<b>(10,968)</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(61,033)	(6,874)	(23,778)	(4,993)
Proceeds from disposals of property, plant and equipment	365	2,087	290	1,128
Purchase of available-for-sale financial assets	(31,000)	-	-	-
Redemption of available-for-sale financial assets	17,262	8,046	9,512	-
Interest received	4,717	3,614	2,506	2,412
<b>Net cash (used in) / generated from investing activities</b>	<b>(69,689)</b>	<b>6,873</b>	<b>(11,470)</b>	<b>(1,453)</b>
<b>Cash flows from financing activities</b>				
Purchase of treasury shares	-	(4,990)	-	(4,990)
Dividend paid	(84,100)	(75,843)	(84,100)	(75,843)
Proceeds from shares issued in exercise of share options	19,910	6,819	17,824	6,819
<b>Net cash used in financing activities</b>	<b>(64,190)</b>	<b>(74,014)</b>	<b>(66,276)</b>	<b>(74,014)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(125,599)</b>	<b>(30,544)</b>	<b>(92,373)</b>	<b>(86,435)</b>
Effect of foreign exchange rate changes	141	469	523	681
<b>Cash and cash equivalents at beginning of the period</b>	<b>752,941</b>	<b>689,260</b>	<b>719,333</b>	<b>744,939</b>
<b>Cash and cash equivalents at end of the period</b>	<b>627,483</b>	<b>659,185</b>	<b>627,483</b>	<b>659,185</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 2017**

The Group	Attributable to the owners of the Company								
	Reserves							Total reserves	Total equity
	Share capital	Treasury share	Share premium	Share-based payment reserve	Currency translation reserve	Statutory reserve (Note)	Retained earnings		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 April 2017	38,439	(8,268)	130,791	10,342	14,219	3,427	749,624	908,403	938,574
Total comprehensive income for the period	-	-	-	-	3,484	-	99,566	103,050	103,050
Dividends paid	-	-	-	-	-	-	(84,100)	(84,100)	(84,100)
Issue of shares on exercise of share options	947	-	18,963	-	-	-	-	18,963	19,910
Transfer to share premium upon exercise of share options	-	-	9,135	(9,135)	-	-	-	-	-
Issue of bonus issues	3,854	(30)	(3,824)	-	-	-	-	(3,824)	-
Share-based compensation	-	-	-	2,946	-	-	-	2,946	2,946
Changes in equity for the period	4,801	(30)	24,274	(6,189)	3,484	-	15,466	37,035	41,806
<b>Balance at 30 September 2017</b>	<b>43,240</b>	<b>(8,298)</b>	<b>155,065</b>	<b>4,153</b>	<b>17,703</b>	<b>3,427</b>	<b>765,090</b>	<b>945,438</b>	<b>980,380</b>
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 upon 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>

The Company	Reserves							Total Equity
	Share capital	Treasury Share	Share premium	Share-based payment reserve	Contributed surplus	Retained earnings	Total reserves	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2017	38,439	(8,268)	130,791	10,342	67,239	212,860	421,232	451,403
Total comprehensive income for the period	-	-	-	-	-	530	530	530
Dividends paid	-	-	-	-	-	(84,100)	(84,100)	(84,100)
Issue of shares on exercise of share options	947	-	18,963	-	-	-	18,963	19,910
Transfer to share premium upon exercise of share options	-	-	9,135	(9,135)	-	-	-	-
Issue of bonus issues	3,854	(30)	(3,824)	-	-	-	(3,824)	-
Share-based compensation	-	-	-	2,946	-	-	2,946	2,946
Changes in equity for the period	4,801	(30)	24,274	(6,189)	-	(83,570)	(65,485)	(60,714)
<b>Balance at 30 September 2017</b>	<b>43,240</b>	<b>(8,298)</b>	<b>155,065</b>	<b>4,153</b>	<b>67,239</b>	<b>129,290</b>	<b>355,747</b>	<b>390,689</b>
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 upon 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>

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 2017, the number of ordinary shares in issue was 432,397,617 of which 3,343,780 were held by the Company as treasury shares. The share capital was \$43.2 million.

As at 31 March 2017, the number of ordinary shares in issue was 384,388,750 of which 3,039,800 were held by the Company as treasury shares. The share capital was \$38.4 million.

### SHARE OPTIONS

As at 30 September 2017, the Company has the following outstanding share options:

Employee Share Option Scheme	Exercise Price (Note 3)	Balance as at 31.3.2017	Additions	Adjustment for bonus issues (Note 3)	Share options exercised	Balance as at 30.9.2017
(a) Incentive Options (Note 1)	S\$0.369	3,700,000	-	277,500	(3,977,500)	-
	S\$0.268	6,300,000	-	630,000	(3,162,500)	3,767,500
	S\$0.379	3,450,000	-	345,000	-	3,795,000
	S\$0.701	-	3,245,000	-	-	3,245,000
(b) Market Options (Note 2)	S\$0.474	2,175,000	-	217,500	(2,337,500)	55,000
Total		15,625,000	3,245,000	1,470,000	(9,477,500)	10,862,500

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

#### Notes:

- (1) The Incentive Options were issued at a discount of not more than 20% to the average of the last dealt prices on the Official List of the SGX-ST for the five consecutive Market Days immediately preceding the date of grant of the respective Options.
- (2) The Market Options were issued at the market price which was equal to the average of the last dealt prices on the Official List of the SGX-ST for the five consecutive Market Days immediately preceding the date of grant of the respective Options.
- (3) Following the completion of the 1-for-10 bonus issue on 5 June 2017, the number of outstanding share options held by each holder would be adjusted upward by 10% and their respective exercise prices would be adjusted downward by 10% as a result.

### PERFORMANCE SHARE PLAN

The Company have no outstanding performance shares as at 30 September 2017 and 31 March 2017.

**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 432,397,617 and 384,388,750 as at 30 September 2017 and 31 March 2017 respectively.

Total number of treasury shares was 3,343,780 and 3,039,800 as at 30 September 2017 and 31 March 2017 respectively.

Total number of issued shares (excluding treasury shares) was 429,053,837 and 381,348,950 as at 30 September 2017 and 31 March 2017 respectively.

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

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

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

Not applicable.

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited annual financial statements for the year ended 31 March 2017. The adoption of the new and revised IFRSs, which are effective for the financial period beginning on 1 April 2017, 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 2017	6 months ended 30 September 2016 (as restated)	6 months ended 30 September 2016 (as previously reported)
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 23.6 cents	HK 16.2 cents	HK 17.8 cents
(b) On a fully diluted basis	HK 23.4 cents	HK 16.1 cents	HK 17.7 cents
Number of ordinary shares in issue (excluding treasury shares)			
Weighted average number of ordinary shares for the purpose of basic earnings per share	422,043,594	417,900,165	379,909,241
Effect of potentially dilutive ordinary shares – Share options	4,057,222	2,377,132	2,161,029
Weighted average number of ordinary shares for the purpose of diluted earnings per share	426,100,816	420,277,297	382,070,270

**Note:** The Company issued new ordinary shares as a bonus of par value HK\$0.1 each, on the basis of one new share for every ten existing shares (including treasury shares) held by the shareholders of the Company and credited as fully paid at par by way of capitalisation standing to the credit of the share premium account of the Company. The allotment of bonus issue was completed on 5 June 2017. The calculations of basic and diluted earnings per share for the period ended 30 September 2016 are adjusted retrospectively as a result of the bonus issue mentioned above.

**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		
	30.09.2017	31.03.2017 (as restated)	31.03.2017 (as previously reported)	30.09.2017	31.03.2017 (as restated)	31.03.2017 (as previously reported)
	HK dollar	HK dollar	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:	2.3	2.2	2.5	0.9	1.1	1.2
Number of ordinary shares in issue excluding treasury shares	429,053,837	419,483,845	381,348,950	429,053,837	419,483,845	381,348,950

**Note:** The calculations of net asset value per ordinary share for the period ended 31 March 2017 are adjusted retrospectively following the completion of the 1-for-10 bonus issue on 5 June 2017.

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 2017 ("Q2 FY2018") vs 3 months ended 30 September 2016 ("Q2 FY2017")**

**Revenue**

Revenue increased by 26.5% or HK\$152.0 million from HK\$573.7 million in Q2 FY2017 to HK\$725.7 million in Q2 FY2018.

Industrial and Commercial Electronics ("ICE") revenue increased by 10.5% to HK\$345.3 million (Q2 FY2017: HK\$312.6 million). Such increase was mainly contributed by the increase in demand from some of our Industrial and Commercial Electronics customers.

Consumer Electronics ("CE") revenue increased by 45.7% to HK\$380.4 million (Q2 FY2017: HK\$261.1 million), which was mainly due to the increase in demand of smart LED lighting products with Internet of Things ("IOT") features.

**Gross profit and gross profit margin**

Gross profit increased by 25.5% to HK\$104.8 million (Q2 FY2017: HK\$83.5 million), while gross profit margin slightly decreased to 14.4% (Q2 FY2017: 14.6%) as the results of change in product sales mix during the period.

**Other income and gains, net**

Other income remained stable at HK\$3.3 million (Q2 FY2017: HK\$3.4 million).

**Selling and distribution expenses**

Selling and distribution expenses increased by 17.8% to HK\$8.1 million. Such increase was mainly due to the increase in revenue.

**Administrative expenses**

Administrative expenses increased by 13.5% to HK\$42.1 million. Such increase was mainly due to the increase in staff cost.

**Profit for the period**

As a result of the above, the net profit for the period increased by 33.5% to HK\$50.8 million (Q2 FY2017: HK\$38.1 million).

**Review – 6 months ended 30 September 2017 (“1H FY2018”) vs 6 months ended 30 September 2016 (“1H FY2017”)****Revenue**

Revenue increased by 35.2% or HK\$370.2 million from HK\$1,051.2 million in 1H FY2017 to HK\$1,421.4 million in 1H FY2018.

Industrial and Commercial Electronics revenue increased by 15.9% to HK\$724.5 million (1H FY2017: HK\$625.1 million), mainly attributed to the increase in demand from some of our Industrial and Commercial customers.

Consumer Electronics revenue increased by 63.6% to HK\$696.9 million (1H FY2017: HK\$426.1 million), which was mainly due to the increase in demand of smart LED lighting products with IOT features.

**Gross profit and gross profit margin**

Gross profit increased by 30.6% to HK\$209.2 million (1H FY2017: HK\$160.1 million) while gross profit margin slightly decreased to 14.7% (1H FY2017: 15.2%) as the results of change in product sales mix during the period.

**Other income and gains, net**

Other income decreased by 12.3% to HK\$4.7 million. Such decrease was mainly due to the increase in net exchange losses.

**Selling and distribution expenses**

Selling and distribution expenses increased by 22.2% to HK\$18.3 million. Such increase was mainly due to the increase in revenue.

**Administrative expenses**

Administrative expenses increased by 12.1% to HK\$82.1 million. Such increase was mainly due to the increase in staff cost.

**Profit for the period**

As a result of the above, the net profit for the period increased by 47.2% to HK\$99.6 million (1H FY2017: HK\$67.6 million).

**Financial position and cash flows**

As at 30 September 2017, the Group had net current assets of HK\$713.4 million (31 March 2017: HK\$734.0 million), total assets of HK\$1,987.7 million (31 March 2017: HK\$1,823.0 million) and shareholders' funds of HK\$980.4 million (31 March 2017: HK\$938.6 million).

The Group's trade receivables increased by HK\$102.5 million from HK\$486.3 million as at 31 March 2017 to HK\$588.8 million as at 30 September 2017. The Group's trade payables increased by HK\$100.2 million from HK\$484.7 million as at 31 March 2017 to HK\$584.9 million as at 30 September 2017. The Group's inventories increased by HK\$124.5 million from HK\$291.9 million as at 31 March 2017 to HK\$416.4 million as at 30 September 2017.

The working capital of the Group as at 30 September 2017, which is the sum of trade receivables and inventories less trade payables, was HK\$420.3 million (31 March 2017: HK\$293.5 million). The increase in net working capital, reflecting the movement in trade receivables, inventories and trade payables, was in line with the revenue growth during the period.

The Group had no bank borrowings as at 30 September 2017 (31 March 2017: Nil).

As at 30 September 2017, the Group had cash and bank deposits of HK\$627.5 million (31 March 2017: HK\$752.9 million) after the distribution of cash dividend of HK\$84.1 million during the period. Over 93% of its cash and bank deposits were placed in reputable financial institutions in Hong Kong. The remaining balance of cash and bank deposits, mainly in PRC, were placed in reputable financial institutions. The cash and bank deposits are annually audited by the Group's auditors, PricewaterhouseCoopers.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Valuetronics delivered a set of record results for the 6 months ended 30 September 2017 ("1H FY2018"), with a strong performance across all segments. Revenue, gross profit and net profit all hit record levels for the period. In 1H FY2018, revenue grew by 35.2% to HK\$1,421.4 million and net profit grew by 47.2% to reach HK\$99.6 million as compared to corresponding period of 1H FY2017.

The strong growth in CE segment in 1H FY2018 was mainly driven by smart LED lighting products with IOT features. The demand for these smart LED lighting products increased significantly because of continued market penetration, and their broad range compatibility with iOS, Android and voice-activated smart home devices of the largest e-commerce company in the United States.

The ICE segment delivered double digit revenue growth during the period, in particular the strong performance in connectivity modules used in automotive industry. Drivers and passengers today demand vehicles that include a host of new experiences and connectivity features, which is also seen as an essential need, and this offers an exciting demand for in-car connectivity modules.

Various indicators show the economic activities in the United States, the Group's largest market, growing moderately. As such, the Group expects its customers and itself to benefit from the continuous growth momentum in the second half. Meanwhile, the Group still continues to see supply chain challenges, such as raw material price fluctuations and extended procurement lead times. Nevertheless, barring unforeseen circumstances, the directors expect the Group to achieve profit growth for the financial year ending 31 March 2018.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

Yes.

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in HK cents)	HK 7 cents per ordinary share
Tax Rate	Not applicable

**(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**

The interim dividend will be paid on 5 December 2017.

**(d) Books closure date**

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 24 November 2017 for the preparation of dividend warrants.

Duly completed and registrable transfers received by the Company's Share Transfer Agent, B.A.C.S. Private Limited, at 8 Robinson Road #03-00, ASO Building, Singapore 048544, up to the close of business at 5.00 p.m. on 23 November 2017 will be registered to determine shareholders' entitlements to the interim dividend.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 23 November 2017 will be entitled to the interim dividend.

**12. If no dividend has been declared/recommended, a statement to that effect.**

Not applicable.

**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 2017 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*  
9 November 2017

**Chow Kok Kit**  
*Executive Director*