



VALUETRONICS HOLDINGS LIMITED

(Incorporated in Bermuda on 18 August 2006)

(Registration Number 38813)

(the "Company")

ANNOUNCEMENT

PROPOSED BONUS ISSUE

1. INTRODUCTION

The board of directors of the Company (the "**Directors**") is pleased to announce that Valuetronics Holdings Limited (the "**Company**") is proposing a bonus issue (the "**Proposed Bonus Issue**") of new ordinary shares of par value HK\$0.10 each in the capital of the Company (the "**Shares**"), on the basis of one (1) new Share (the "**Bonus Share**") for every ten (10) existing Shares (including treasury shares) held by the shareholders of the Company (the "**Shareholders**") as at a books closure date to be determined by the Directors (the "**Books Closure Date**"). Fractional entitlements will be disregarded and disposed of or dealt with in such manner as the Directors may in their absolute discretion deem fit for the benefit of the Company.

Subject to the approvals set out in Section 3 of this announcement, the Bonus Shares will be credited as fully paid at par by way of capitalisation of an appropriate amount standing to the credit of the share premium account of the Company (the "**Share Premium Account**").

2. TERMS OF THE PROPOSED BONUS ISSUE

As at the date of this announcement, the existing issued and paid-up share capital of the Company comprises 384,388,750 Shares (including 3,039,800 treasury shares). Assuming that 925,000 outstanding options issued under the Company's Employee Share Option Scheme¹ (the "**Option Scheme**") (which are vested and capable of being exercised) are exercised by the holders thereof into 925,000 Shares, up to 38,531,375 Bonus Shares will be allotted and issued pursuant to the Proposed Bonus Issue. The actual number of Bonus Shares to be allotted and issued by the Company will depend on the total number of Shares in issue (including treasury shares) as at the Books Closure Date.

For further information on outstanding options under the Option Scheme, please refer to Section 6 of this announcement.

¹ The Valuetronics Employee Share Option Scheme was approved and adopted by the Company on 6 February 2007 and subsequently modified on 28 July 2008.

The Proposed Bonus Issue will be effected by capitalising up to HK\$3,853,138 standing to the credit of the Share Premium Account and applying the same towards payment in full at par for up to 38,531,375 Bonus Shares on the assumption that up to 38,531,375 Bonus Shares will be allotted and issued.

The Bonus Shares when allotted and issued, will rank *pari passu* in all respects with the existing issued Shares and with each other, except that the Bonus Shares will not be entitled to such dividends, rights, allotments and other distributions, the record date of which falls before the date on which the Bonus Shares are allotted and issued.

3. APPROVALS

The Proposed Bonus Issue is subject to, *inter alia*, the following:-

- (a) the approval of the Shareholders, to be obtained by way of a special resolution at a Special General Meeting of the Company (the “**SGM**”) to be convened, for the allotment and issue of the Bonus Shares, by way of capitalisation of an appropriate amount standing to the credit of the Share Premium Account; and
- (b) the approval of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for permission to deal in and for the listing and quotation of the Bonus Shares on the Official List of the SGX-ST.

A circular setting out details of the Proposed Bonus Issue and the notice convening the SGM will be dispatched to Shareholders in due course. An application will be made to the SGX-ST for permission to deal in and for the listing of and quotation for the Bonus Shares on the Official List of the SGX-ST in due course.

4. RATIONALE FOR THE PROPOSED BONUS ISSUE

The Company is proposing the Proposed Bonus Issue to increase the issued share capital base of the Company to reflect the growth and expansion of its business. At the same time, to mark the 10th anniversary of the listing of the Company and the 25th anniversary of the operations of its principal operating subsidiary, Honor Tone Limited, the Company wishes to recognise and reward its Shareholders for their continuing support and loyalty. The Proposed Bonus Issue, if carried out, will also increase the accessibility of an investment in the Company, thereby improving the trading liquidity of the Shares, allowing for greater participation by investors and broadening the Shareholder base.

5. ADJUSTMENTS TO SHARE AWARDS UNDER THE VALUETRONICS PERFORMANCE SHARE PLAN (THE “PSP”)

As at the date of this announcement, there are no outstanding share awards under the PSP.

The Company will make such necessary adjustments with respect to the share awards (if any) granted under the PSP, to take into account the Proposed Bonus Issue in accordance with the rules of the PSP.

6. ADJUSTMENTS TO OPTIONS GRANTED UNDER THE OPTION SCHEME

As at the date of this announcement, the Company has 15,625,000 outstanding options under the Option Scheme, entitling holders thereof to subscribe for a total of 15,625,000 Shares. Details of the outstanding options are shown in the table below:-

| Option Scheme | Exercise Price | Number of outstanding options as at the date of this announcement |
|----------------------------|----------------|---|
| Incentive Options (Note 1) | S\$0.406 | 3,700,000 |
| | S\$0.295 | 6,300,000 |
| | S\$0.417 | 3,450,000 |
| Market Options (Note 2) | S\$0.521 | 2,175,000 |
| Total | | 15,625,000 |

Note:

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.

As at the date of this announcement, of the 15,625,000 outstanding options, 925,000 options are vested and capable of being exercised into 925,000 Shares.

The Proposed Bonus Issue may give rise to adjustments to the number of outstanding options and/or the exercise price of the outstanding options pursuant to the rules governing the Option Scheme.

Any adjustments which are required will be made in accordance with the rules of the Option Scheme to mitigate any potential equity dilution resulting from the Proposed Bonus Issue and to ensure that the status of the option holders is not prejudiced thereafter. The rights and obligations of the option holders will remain unchanged, save for the adjustment to the number of options granted under the Option Scheme and/or the exercise price in respect of the options.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors and substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Bonus Issue other than through their respective shareholdings in the Company.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Bonus Issue, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

9. ADDITIONAL INFORMATION

The Bonus Shares will be allotted and issued to Shareholders whose names appear in the Register of Members or who have shares entered against their names in the Depository Register as at the date of the closure of the Register of Members of the Company. Subject to the said approval by the SGX-ST, the Company will make a further announcement on the Books Closure Date.

10. CAUTIONARY STATEMENT

Shareholders and potential investors should note that the Proposed Bonus Issue is subject to, *inter alia*, the necessary approvals being obtained by the Company, and are therefore advised to exercise caution when dealing or trading in the Shares. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD
VALUETRONICS HOLDINGS LIMITED

Tse Chong Hing
Chairman and Managing Director
20 March 2017