

**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 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 31 December 2016**

	The Group			The Group		
	9 months ended 31 December			3 months ended 31 December		
	2016	2015	Change	2016	2015	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Revenue	1,638,785	1,511,120	8.4	587,608	434,543	35.2
Cost of sales	(1,387,625)	(1,285,111)	8.0	(496,586)	(364,036)	36.4
<b>Gross profit</b>	<b>251,160</b>	<b>226,009</b>	<b>11.1</b>	<b>91,022</b>	<b>70,507</b>	<b>29.1</b>
Selling and distribution expenses	(23,102)	(20,008)	15.5	(8,155)	(7,534)	8.2
Administrative expenses	(108,953)	(107,911)	1.0	(35,703)	(36,135)	-1.2
Other income and gains, net	7,549	5,686	32.8	2,157	2,148	0.4
<b>Operating profit</b>	<b>126,654</b>	<b>103,776</b>	<b>22.0</b>	<b>49,321</b>	<b>28,986</b>	<b>70.2</b>
Finance costs	(498)	(624)	-20.2	(176)	(209)	-15.8
<b>Profit before income tax</b>	<b>126,156</b>	<b>103,152</b>	<b>22.3</b>	<b>49,145</b>	<b>28,777</b>	<b>70.8</b>
Income tax expense	(15,645)	(12,286)	27.3	(6,278)	(3,598)	74.5
<b>Profit for the period</b>	<b>110,511</b>	<b>90,866</b>	<b>21.6</b>	<b>42,867</b>	<b>25,179</b>	<b>70.2</b>
<b>Attributable to:</b>						
Owners of the Company	110,511	90,866	21.6	42,867	25,179	70.2

## Consolidated Statement of Comprehensive Income for the period ended 31 December 2016

	The Group			The Group		
	9 months ended 31 December			3 months ended 31 December		
	2016	2015	Change	2016	2015	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
<b>Profit for the period</b>	<b>110,511</b>	<b>90,866</b>	<b>21.6</b>	<b>42,867</b>	<b>25,179</b>	<b>70.2</b>
<b>Other comprehensive income:</b>						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translating foreign operations	(4,755)	(4,273)	11.3	(2,913)	(1,567)	85.9
<b>Other comprehensive income for the period, net of tax</b>	<b>(4,755)</b>	<b>(4,273)</b>	<b>11.3</b>	<b>(2,913)</b>	<b>(1,567)</b>	<b>85.9</b>
<b>Total comprehensive income for the period</b>	<b>105,756</b>	<b>86,593</b>	<b>22.1</b>	<b>39,954</b>	<b>23,612</b>	<b>69.2</b>
<b>Attributable to:</b>						
Owners of the Company	105,756	86,593	22.1	39,954	23,612	69.2

**Note:**

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

	The Group		The Group	
	9 months ended 31 December		3 months ended 31 December	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation on property, plant and equipment	23,478	28,398	7,117	9,069
Amortisation of land use rights	335	365	104	119
(Gains)/losses on disposals of property, plant and equipment	(295)	(235)	(11)	95
Interest income	(5,449)	(3,570)	(1,835)	(1,428)
Bank charges	498	624	176	209
Net exchange losses	184	2,224	304	988
Net fair value (gains)/ losses on derivative financial instruments (Note 1)	-	(1,880)	-	(711)

Note 1: The Group entered into certain foreign exchange forward contracts to hedge against its exposure to Renminbi 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 31 December 2016**

	The Group		The Company	
	At 31.12.2016	At 31.3.2016	At 31.12.2016	At 31.3.2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Land use rights	17,396	19,001	-	-
Property, plant and equipment	151,345	163,637	-	-
Interests in subsidiaries	-	-	83,330	83,330
Available-for-sale financial assets	48,560	71,904	-	-
Others	222	238	-	-
<b>Total non-current assets</b>	<b>217,523</b>	<b>254,780</b>	<b>83,330</b>	<b>83,330</b>
<b>Current assets</b>				
Inventories	314,451	198,682	-	-
Trade receivables	489,546	343,155	-	-
Other receivables and prepayments	28,142	9,468	350	426
Due from subsidiaries	-	-	259,768	332,775
Available-for-sale financial assets	25,904	10,606	-	-
Cash and cash equivalents	670,166	689,260	2,343	4,919
<b>Total current assets</b>	<b>1,528,209</b>	<b>1,251,171</b>	<b>262,461</b>	<b>338,120</b>
<b>Total assets</b>	<b>1,745,732</b>	<b>1,505,951</b>	<b>345,791</b>	<b>421,450</b>
<b>EQUITY</b>				
Share capital	38,439	38,014	38,439	38,014
Treasury shares	(8,267)	(1,980)	(8,267)	(1,980)
Reserves	862,475	821,265	315,264	385,134
<b>Total equity</b>	<b>892,647</b>	<b>857,299</b>	<b>345,436</b>	<b>421,168</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Deferred income 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	468,744	286,209	-	-
Other payables and accruals	346,631	338,534	355	282
Current income tax liabilities	34,687	20,886	-	-
<b>Total current liabilities</b>	<b>850,062</b>	<b>645,629</b>	<b>355</b>	<b>282</b>
<b>Total liabilities</b>	<b>853,085</b>	<b>648,652</b>	<b>355</b>	<b>282</b>
<b>Total equity and liabilities</b>	<b>1,745,732</b>	<b>1,505,951</b>	<b>345,791</b>	<b>421,450</b>
<b>Net current assets</b>	<b>678,147</b>	<b>605,542</b>	<b>262,106</b>	<b>337,838</b>
<b>Total assets less current liabilities</b>	<b>895,670</b>	<b>860,322</b>	<b>345,436</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 31 December 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 31 December 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 31 December 2016**

	The Group		The Group	
	9 months ended 31 December		3 months ended 31 December	
	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	126,156	103,152	49,145	28,777
Adjustments for :				
Amortisation of land use rights	335	365	104	119
Depreciation on property, plant and equipment	23,478	28,398	7,117	9,069
(Gains)/losses on disposals of property, plant and equipment	(295)	(235)	(11)	95
Net fair value gains on derivative financial instruments	-	(1,880)	-	(711)
Share-based compensation	4,903	3,956	2,046	1,133
Interest income	(5,449)	(3,570)	(1,835)	(1,428)
<b>Operating profit before working capital changes</b>	<b>149,128</b>	<b>130,186</b>	<b>56,566</b>	<b>37,054</b>
(Increase)/decrease in inventories	(115,769)	9,999	(46,645)	(11,281)
(Increase)/decrease in trade receivables	(146,391)	163,728	(33,738)	114,990
(Increase)/decrease in prepayments, deposits and other receivables	(18,674)	7,234	(10,685)	12,216
Increase/(decrease) in trade payables	182,535	(27,692)	42,755	5,172
Increase in accruals, other payables and deposits received	8,097	5,064	13,365	6,646
<b>Cash generated from operations</b>	<b>58,926</b>	<b>288,519</b>	<b>21,618</b>	<b>164,797</b>
Income tax paid	(1,844)	(3,364)	(921)	(294)
<b>Net cash generated from operating activities</b>	<b>57,082</b>	<b>285,155</b>	<b>20,697</b>	<b>164,503</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(18,299)	(22,795)	(11,425)	(1,792)
Proceeds from disposals of property, plant and equipment	2,119	1,116	32	246
Purchase of available-for-sale financial assets	-	(23,243)	-	-
Redemption of available-for-sale financial assets	8,046	3,750	-	-
Interest received	5,449	3,570	1,835	1,428
<b>Net cash used in investing activities</b>	<b>(2,685)</b>	<b>(37,602)</b>	<b>(9,558)</b>	<b>(118)</b>
<b>Cash flows from financing activities</b>				
Purchase of Treasury Shares	(6,287)	(676)	(1,297)	(676)
Dividend paid	(75,843)	(75,478)	-	-
Proceeds from shares issued in exercise of share options	6,819	5,414	-	-
<b>Net cash used in financing activities</b>	<b>(75,311)</b>	<b>(70,740)</b>	<b>(1,297)</b>	<b>(676)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(20,914)</b>	<b>176,813</b>	<b>9,842</b>	<b>163,709</b>
Effect of foreign exchange rate changes	1,820	(886)	1,139	(331)
<b>Cash and cash equivalents at beginning of the period</b>	<b>689,260</b>	<b>505,847</b>	<b>659,185</b>	<b>518,396</b>
<b>Cash and cash equivalents at end of the period</b>	<b>670,166</b>	<b>681,774</b>	<b>670,166</b>	<b>681,774</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 31 December 2016**

The Group	Attributable to the owners of the Company								
	Reserves								
	Share capital	Treasury share	Share premium	Share-based compensation 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	-	-	-	-	(4,755)	-	110,511	105,756	105,756
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	-	-	-	4,903	-	-	-	4,903	4,903
Lapse of share options	-	-	-	(75)	-	-	75	-	-
Purchase of treasury shares	-	(6,287)	-	-	-	-	-	-	(6,287)
Changes in equity for the period	425	(6,287)	10,311	911	(4,755)	-	34,743	41,210	35,348
<b>Balance at 31 December 2016</b>	<b>38,439</b>	<b>(8,267)</b>	<b>130,833</b>	<b>8,740</b>	<b>13,604</b>	<b>3,063</b>	<b>706,235</b>	<b>862,475</b>	<b>892,647</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	-	-	-	-	(4,273)	-	90,866	86,593	86,593
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	-	-	-	3,956	-	-	-	3,956	3,956
Lapse of share options	-	-	-	(137)	-	-	137	-	-
Purchase of treasury shares	-	(676)	-	-	-	-	-	-	(676)
Changes in equity for the period	541	(676)	8,051	641	(4,273)	-	15,525	19,944	19,809
<b>Balance at 31 December 2015</b>	<b>38,014</b>	<b>(676)</b>	<b>120,522</b>	<b>6,449</b>	<b>19,060</b>	<b>2,873</b>	<b>642,110</b>	<b>791,014</b>	<b>828,352</b>

The Company	Reserves							Total equity
	Share capital	Treasury Share	Share premium	Share-based compensation 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 2016	38,014	(1,980)	120,522	7,829	67,239	189,544	385,134	421,168
Total comprehensive income for the period	-	-	-	-	-	(5,324)	(5,324)	(5,324)
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	-	-	-	4,903	-	-	4,903	4,903
Lapse of share options	-	-	-	(75)	-	75	-	-
Purchase of treasury shares	-	(6,287)	-	-	-	-	-	(6,287)
Changes in equity for the period	425	(6,287)	10,311	911	-	(81,092)	(69,870)	(75,732)
<b>Balance at 31 December 2016</b>	<b>38,439</b>	<b>(8,267)</b>	<b>130,833</b>	<b>8,740</b>	<b>67,239</b>	<b>108,452</b>	<b>315,264</b>	<b>345,436</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	-	-	-	-	-	(6,541)	(6,541)	(6,541)
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	-	-	-	3,956	-	-	3,956	3,956
Lapse of share options	-	-	-	(137)	-	137	-	-
Purchase of treasury shares	-	(676)	-	-	-	-	-	(676)
Changes in equity for the period	541	(676)	8,051	641	-	(81,882)	(73,190)	(73,325)
<b>Balance at 31 December 2015</b>	<b>38,014</b>	<b>(676)</b>	<b>120,522</b>	<b>6,449</b>	<b>67,239</b>	<b>66,680</b>	<b>260,890</b>	<b>298,228</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.**

#### SHARE CAPITAL

As at 31 December 2016, 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 HK\$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 HK\$38 million.

#### SHARE OPTIONS

As at 31 December 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 31.12.2016
(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 31 December 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 31.12.2015
(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 has no outstanding performance shares as at 31 December 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 31 December 2016 and 31 March 2016 respectively.

Total number of treasury shares was 3,039,800 and 925,400 as at 31 December 2016 and 31 March 2016 respectively.

Total number of issued shares (excluding treasury shares) was 381,348,950 and 379,213,350 as at 31 December 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	
	9 months ended 31 December 2016	9 months ended 31 December 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 29.1 cents	HK 24.1 cents
(b) On a fully diluted basis	HK 28.9 cents	HK 24.0 cents
Number of ordinary shares in issue (excluding treasury shares)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	380,397,475	377,585,614
Effect of potentially dilutive ordinary shares – Share options	2,527,784	1,806,003
Weighted average number of ordinary shares for the purpose of diluted earnings per share	382,925,259	379,391,617

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	
	31.12.2016	31.03.2016	31.12.2016	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:	2.3	2.3	0.9	1.1
Number of ordinary shares in issue excluding treasury shares	381,348,950	379,213,350	381,348,950	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”).

**Review – 3 months ended 31 December 2016 (“Q3 FY2017”) vs 3 months ended 31 December 2015 (“Q3 FY2016”)****Revenue**

Revenue increased by 35.2% or HK\$153.1 million from HK\$434.5 million in Q3 FY2016 to HK\$587.6 million in Q3 FY2017.

Industrial and Commercial Electronics revenue increased by 7.9% to HK\$316.7 million (Q3 FY2016: HK\$293.5 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 92.1% to HK\$270.9 million (Q3 FY2016: HK\$141.0 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**

Despite gross profit margin decreased to 15.5% (Q3 FY2016: 16.2%) as a result of change in product sales mix during the period, gross profit increased by 29.1% to HK\$91.0 million (Q3 FY2016: HK\$70.5 million).

**Other income**

Other income was HK\$2.2 million (Q3 FY2016: HK\$2.1 million).

**Selling and distribution expenses**

Selling and distribution expenses increased by 8.2% to HK\$8.2 million (Q3 FY2016: HK\$7.5 million). Such increase was in line with the increase in sales.

**Administrative expenses**

Administrative expenses were HK\$35.7 million (Q3 FY2016: HK\$36.1 million).

**Profit for the period**

As a result of the above, the net profit for the period increased by 70.2% to HK\$42.9 million. (Q3 FY2016: HK\$25.2 million).

**Review – 9 months ended 31 December 2016 (“9 months FY2017”) vs 9 months ended 31 December 2015 (“9 months FY2016”)****Revenue**

Revenue increased by 8.4% or HK\$127.7 million from HK\$1,511.1 million in 9 months FY2016 to HK\$1,638.8 million in 9 months FY2017.

Industrial and Commercial Electronics revenue increased by 10.7% to HK\$941.8 million (9 months FY2016: HK\$850.9 million), which was mainly due to the increase in demand from some of our Industrial and Commercial customers.

Consumer Electronics revenue increased by 5.6% to HK\$697.0 million (9 months FY2016: HK\$660.2 million). Despite the negative impact from the exit from the mass market LED light bulb business in the third quarter of last financial year, Consumer Electronics revenue continued the growth in current period with the introduction of new products, wireless lighting with smart control features in Q2 FY2017.

**Gross profit and gross profit margin**

Gross profit increased by 11.1% to HK\$251.2 million (9 months FY2016: HK\$226.0 million), while gross profit margin was roughly stable at 15.3% (9 months FY2016: 15.0%).

**Other income**

Other income increased by 32.8% to HK\$7.5 million (9 months FY2016: HK\$5.7 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 expenses increased by 15.5% to HK\$23.1 million (9 months FY2016: HK\$20.0 million). During the last corresponding period, the Group recorded write-back of provision for sales warranties amounted to HK\$3.4 million.

**Administrative expenses**

Administrative expenses was HK\$109.0 million (9 months FY2016: HK\$107.9 million).

**Profit for the period**

As a result of the above, the net profit for the period increased by 21.6% to HK\$110.5 million (9 months FY2016: HK\$90.9).

**Financial position and cash flows**

As at 31 December 2016, the Group had net current assets of HK\$678.1 million (31 March 2016: HK\$605.5 million), total assets of HK\$1,745.7 million (31 March 2016: HK\$1,506.0 million) and shareholders' funds of HK\$892.6 million (31 March 2016: HK\$857.3 million).

The Group's trade receivables increased by HK\$146.4 million from HK\$343.1 million as at 31 March 2016 to HK\$489.5 million as at 31 December 2016. The Group's trade payables increased by HK\$182.5 million from HK\$286.2 million as at 31 March 2016 to HK\$468.7 million as at 31 December 2016. The Group's inventories increased by HK\$115.8 million from HK\$198.7 million as at 31 March 2016 to HK\$314.5 million as at 31 December 2016.

The working capital of the Group as at 31 December 2016, which is the sum of trade receivables and inventories less trade payables, was HK\$335.3 million (31 March 2016: HK\$255.6 million). The increase in net working capital, reflecting the increases in trade receivables, inventories and trade payables, was inline with the revenue growth during the period.

The Group had no bank borrowings as at 31 December 2016 and 31 March 2016.

As at 31 December 2016, the Group had cash and cash equivalents of HK\$670.2 million (31 March 2016: HK\$689.3 million) following the distribution of cash dividend of HK\$75.8 million in Q2 FY2017. 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 Q3FY2017, Valuetronics continued to benefit from the widened customer base in the Industrial and Commercial Electronics ("ICE") segment, while the Consumer Electronics ("CE") segment posted a return to revenue growth with the new smart LED lighting products. Led by revenue growth from both segments, the net profit for the period has increased by 70.2% compared to the corresponding period last year.

The CE segment has moved out of contraction from the discontinued mass market LED light bulb and returned to growth with the new revenue stream from smart LED lighting products with Internet-of-Things ("IOT") features. Whereas the ICE segment continued to deliver growth with the connectivity modules used in automotive industry. Valuetronics will ride on rise of in-car connectivity, and will further pursue such opportunities and others, within the automotive industry.

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 and political climate, in common with most manufacturers, in particular with regard to the change in the US presidency. We remain mindful of impacts on the overall business which may result from a US interest rate hike and protectionist measures.

Barring unforeseen circumstances, the directors expect the Group to achieve profit growth for the financial year ending 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 Q3 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 31 December 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*  
10 February 2017

**Chow Kok Kit**  
*Executive Director*