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Media Release

Valuetronics' Q2FY2018 results hit record high as net profit rose 33.5% to HK\$50.8 million

- 1HFY2018 results also hit record high with revenue growing 35.2% to HK\$1,421.4 million and net profit rising 47.2% to reach HK\$99.6 million
- Rewards shareholders with an interim dividend of 7 HK cents per share

Singapore, 9 November 2017 – SGX Mainboard listed Valuetronics Holdings Limited (“Valuetronics”, “鸿通电子控股有限公司” or collectively with its subsidiaries, the “Group”), a premier design and manufacturing partner for the world’s leading brands in the Consumer Electronics (“CE”) and Industrial and Commercial Electronics (“ICE”) sectors today announced that its net profit for the three months ended 30 September 2017 (“Q2FY2018”) rose 33.5% to HK\$50.8 million. Separately, Valuetronics was included in the FTSE ST Small Cap Index and FTSE China Index as part of their semi-annual review in September 2017.

Q2FY2018 Financial Highlights

	3 months ended 30 September		
HK\$'M	2017	2016	% Change
Revenue	725.7	573.7	26.5
Gross Profit	104.8	83.5	25.5
Gross Profit Margin	14.4%	14.6%	-0.2% pt
Net Profit attributable to owners of the Company	50.8	38.1	33.5

Interim Dividend

In light of the strong performance of the Company, the Board has declared an Interim Dividend of 7 HK cents per share.

Mr Ricky Tse Chong Hing (“谢创兴”), Chairman and Managing Director of Valuetronics commented: *“I am pleased to report a strong performance across all segments as we hit record levels for revenue, gross profit and net profit for the quarter and half year. We have worked diligently to sustain the double digit growth rate even in a challenging operating environment, and as a result of our strong financial performance, we would like to reward shareholders with an interim dividend of 7 HK cents per share.”*

The Group’s revenue increased by 26.5% from HK\$573.7 million for the three months ended 30 September 2016 (“Q2FY2017”) to HK\$725.7 million in Q2FY2018.

Segmental Revenue			
HK\$’M	Q2FY2018	Q2FY2017	% Change
Consumer Electronics (“CE”)	380.4	261.1	45.7%
Industrial & Commercial Electronics (“ICE”)	345.3	312.6	10.5%
Total	725.7	573.7	26.5%

In Q2FY2018, the CE segmental revenue increased by 45.7% to HK\$380.4 million from HK\$261.1 million in Q2FY2017. The increase in revenue was mainly attributable to the increase demand of smart LED lighting products with Internet of Things (“IOT”) features.

ICE segmental revenue increased by 10.5% to HK\$345.3 million in Q2FY2018 from HK\$312.6 million in Q2FY2017. The increase in revenue was mainly contributed by the increase in demand from some ICE customers, in particular increased demands from in-car connectivity modules used in the automotive industry.

The Group's gross profit for Q2FY2018 increased by 25.5% to HK\$104.8 million from HK\$83.5 million in Q2FY2017. Due to a change in product sales mix in the period, gross profit margin decreased slightly to 14.4% in Q2FY2018 from 14.6% in Q2FY2017.

The Group's other income remained stable at HK\$3.3 million in Q2FY2018 as compared to HK\$3.4 million in Q2FY2017.

Selling and distribution expenses increased by 17.8% to HK\$8.1 million in Q2FY2018 in line with increase in revenue, whereas administrative expenses increased by 13.5% to HK\$42.1 million in Q2FY2018 mainly due to an increase in staff cost.

As a result of the above, the Group's net profit in Q2FY2018 increased by 33.5% to HK\$50.8 million from HK\$38.1 million in Q2FY2017.

Healthy Financial Position

As at 30 September 2017, the Group had a net current asset 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 had zero debt and cash and bank deposits of HK\$627.5 million as at 30 September 2017 (31 March 2017: HK\$752.9 million).

Business Outlook

The Group delivered a set of record results for six months ended 30 September 2017 ("1HFY2018"), with a strong performance across all segments, with revenue, gross profit and net profit all hitting record levels for the period.

The strong growth in the CE segment in 1HFY2018 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 with the strong performance in connectivity modules used in the automotive industry. Today's drivers and passengers demand vehicles that include a host of new experiences and connectivity features, which are now seen as an essential need and this offers an exciting demand for in-car connectivity modules.

Various indicators show 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 continues to see supply chain challenges, such as raw material price fluctuations and extended procurement lead times.

Barring unforeseen circumstances, the directors expect the Group to achieve profit growth for the financial year ending 31 March 2018.

End.

Note: This media release is to be read in conjunction with the announcement issued on SGXNET on the same date.

About Valuetronics Holdings Limited

Valuetronics Holdings Limited was listed on the SGX Mainboard in 2007 and is currently a constituent stock on the FTSE ST Small Cap and FT ST China indices. Valuetronics is an Electronic Manufacturing Service (“EMS”) provider which focuses on the design and development of products that meet the ever-changing needs of customers. It is the preferred choice of several successful global companies that are involved in consumer electronics and 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. Valuetronics’ EMS business is classified into two reportable segments namely consumer electronics products and industrial and commercial electronics products. Headquartered in Hong Kong, the Group’s main manufacturing facility is located in Long Shan 2nd Road, Western District of Science and Technology Park, Dayawan Economy and Technology Development District, Huizhou City, Guangdong Province, PRC.

For more information, please visit <http://www.valuetronics.com.hk>

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