



Valuetronics Holdings Limited  
Unit 9-11, 7/F, Technology Park  
No. 18 On Lai Street, Shatin,  
New Territories, Hong Kong  
Tel: (852) 2790 8278  
Fax: (852) 2304 1851  
www.valuetronics.com.hk

## Media Release

# Valuetronics' Q2FY2016 net profit dips slightly to HK\$32.2 million

- Gross profit margin improved to 14.6% from 13.1% in the previous corresponding quarter despite the demand slowdown in Consumer Electronics segment
- Continued increase in demand from Industrial and Commercial Electronics segment
- Accredited with TS16949 quality management system and shipping electronic products for automotive industry

**Singapore, 13 November 2015** – 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 2015 (“Q2FY2016”) was HK\$32.2 million, a 11.3% decrease from the previous corresponding quarter ended 30 September 2014 (“Q2FY2015”).

Mr Ricky Tse Chong Hing (“谢创兴”), Chairman and Managing Director of Valuetronics commented: ***“We continued to see growth in ICE segment which mitigated the decline in CE revenue. We have shipped electronic products for the automotive industry and believe that this new product portfolio for the ICE segment offers opportunity for further growth.”***

## Q2FY2016 Financial Highlights

	3 months ended 30 September		
HK\$'M	2015	2014	% Change
Revenue	526.5	627.6	(16.1)
Gross Profit	77.0	82.0	(6.0)
<b>Net Profit attributable to owners of the Company</b>	32.2	36.3	(11.3)

The Group's Q2FY2016 revenue decreased by 16.1% from HK\$627.6 million in Q2FY2015 to HK\$526.5 million. In Q2FY2016, gross profit decreased by 6.0% to HK\$77.0 million, from HK\$82.0 million in Q2FY2015, however gross profit margin increased to 14.6% from 13.1% in Q2FY2015 due to the change in product sales mix during the period under review.

Segmental Revenue			
HK\$'M	Q2FY2016	Q2FY2015	% Change
Consumer Electronics	239.0	402.4	(40.6)
Industrial & Commercial Electronics	287.5	225.2	27.7
Total	526.5	627.6	(16.1)

For Q2FY2016, ICE segmental revenue increased by 27.7% to HK\$287.5 million from HK\$225.2 million in Q2FY2015. The revenue increase in the ICE segment was mainly due to the increase in demand from some existing and new ICE customers. However, this was offset by a 40.6% decrease in CE segmental revenue from HK\$402.4 million in Q2FY2015 to HK\$239.0 million due to the slowdown in demand from the LED lighting business.

The Group's selling and distribution costs decreased by 63.1% to HK\$4.0 million in Q2FY2016, which was mainly due to the strict control in marketing expenses and a write-back of provision for sales warranties amounting to HK\$3.4 million. Administrative expenses in Q2FY2016 were HK\$36.5 million, marginally higher than HK\$35.9 million in Q2FY2015.

As a result of the above, Q2FY2016 net profit fell slightly by 11.3% to HK\$32.2 million from HK\$36.3 million in Q2FY2015.

As at 30 September 2015, Valuetronics has a net asset value per share of HK211.6 cents (31 March 2015: HK215.8 cents) and total assets of HK\$1,487.9 million (31 March 2015: HK\$1,522.7 million). The Group had a total cash of HK\$518.4 million (31 March 2015: HK\$505.8 million) after a dividend of HK\$75.5 million, due to the Group's strong free cash flow and continues to have zero debt as at 30 September 2015.

### **Business Outlook**

During Q2FY2016, Valuetronics continued to benefit from the growth of the ICE segment, which mitigated the decline in CE revenue. Business conditions in the CE segment, especially the LED lighting products continued to face uncertainties and a slowdown in demand. Notwithstanding this, the Group's overall gross profit margin improved slightly with an increased weightage in the ICE segment and its working capital remained healthy with operating activities generating positive operating cash flow.

Within the CE segment, Valuetronics continued to see a rapid decrease in the revenue contribution from LED lighting products during Q2FY2016 as over 90% of these products has accelerated to the end of their product life cycle. Going forward, the Group's CE revenue will comprise principally consumer lifestyle products .

In the ICE segment, the Group continues to achieve double digit growth for Q2FY2016 with revenue contribution from some of the existing customers as well as a new revenue stream from the production of electronic products for the automotive industry. This is a new business opportunity that offers potential for further growth. The Group's quality management system had earlier been accredited with the TS16949 standard, which is a prerequisite for participating in the supply chain of automotive industry.

Even as the Group is well-positioned to take advantage of a widened product portfolio and opportunities in the pipeline, it remains mindful on the constraints placed on it by the overall business environment such as a stronger US dollar and a further slowdown in China's economy.

Barring unforeseen circumstances, the directors expect the Group to remain profitable for the financial year ended 31 March 2016.

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 is a premier design and manufacturing partner for the world's leading brands. The Group's customer base covers the industrial and commercial electronics, medical equipment and consumer electronics industries, which span across a wide geographical region that covers America, Europe and the Asia Pacific. The Group's customers include OEMs and ODMs as well as international brand owners. 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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Issued on behalf of	:	<b>Valuetronics Holdings Limited</b>
By	:	Cogent Communications Pte Ltd 100 Beach Road, #32-02/03 Shaw Tower, Singapore 189702
Contact	:	Ms Chan Hui Si / Mr Gerald Woon
Office	:	(65) 6704 9288
Email / DID / Mobile	:	<a href="mailto:huisi@cogentcomms.com">huisi@cogentcomms.com</a> / (65) 6704 9287 / (65) 8298 4408 <a href="mailto:woon@cogentcomms.com">woon@cogentcomms.com</a> / (65) 6704 9268 / (65) 9694 8364

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