

## Media Release

### **Valuetronics' FY2019 net profit decreased by 2.6% to HK\$199.5 million and proposes dividends of 20 HK cents per share**

- Industrial and Commercial Electronics ("ICE") revenue increased by 14.6% to HK\$1,667.6 million offsetting the decline in Consumer Electronics ("CE") revenue.
- Proposes a Final Dividend of 15 HK cents per share and a Special Dividend of 5 HK cents per share. Together with the Interim Dividend of 5 HK cents per share paid in December 2018, aggregate dividend for FY2019<sup>1</sup> will reach 25 HK cents per share.

**Singapore, 29 May 2019** – 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 financial year ended 31 March 2019 ("FY2019") has dropped marginally by 2.6% to HK\$199.5 million from HK\$204.7 million for the financial year ended 31 March 2018 ("FY2018").

Mr Ricky Tse Chong Hing ("谢创兴"), Chairman and Managing Director of Valuetronics commented: ***"In FY2019, the decrease in CE revenue was offset by the increase in ICE revenue due to the increase in demand from existing ICE customers and the additional of new product from new ICE customer. As trade war tensions between the US and China continue, we have identified Vietnam as a location to expand our production outside of China. We expect one of***

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<sup>1</sup> Subject to shareholders' approval at the upcoming Annual General Meeting

*our customers to qualify our initial set up in Vietnam by end of June 2019, followed by mass production for shipment from Vietnam to the US market. ”*

## Dividend

The Board is recommending a Final Dividend of 15 HK cents per share and a Special Dividend of 5 HK cents per share for FY2019, both of which are subject to shareholders’ approval at the Annual General Meeting to be convened. The Company has also paid an Interim Dividend of 5 HK cents per share in December 2018. In aggregate, the Interim, Final and Special dividends amount to 25 HK cents per share (FY2018: 27 HK cents per share), approximately 54.4% of the net profit attributable to shareholders for FY2019.

## Financial Highlights

	Year ended 31 March		
HK\$’M	2019	2018	% Change
Revenue	2,828.8	2,853.7	-0.9%
Gross Profit	430.3	414.6	3.8%
Gross Profit Margin	15.2%	14.5%	0.7pt
<b>Net Profit attributable to owners of the Company</b>	<b>199.5</b>	<b>204.7</b>	<b>-2.6%</b>

The Group’s revenue decreased by 0.9% from HK\$2,853.7 million in FY2018 to HK\$2,828.8 million in FY2019. However, gross profit increased by 3.8% to HK\$430.3 million in FY2019 from HK\$414.6 million in FY2018, with a 0.7 percentage point increase in gross profit margin to 15.2% for FY2019 due to a change in sales mix.

Segmental Revenue			
HK\$’M	FY2019	FY2018	% Change
Consumer Electronics (“CE”)	1,161.2	1,398.1	-16.9%
Industrial & Commercial Electronics (“ICE”)	1,667.6	1,455.6	14.6%
<b>Total</b>	<b>2,828.8</b>	<b>2,853.7</b>	<b>-0.9%</b>

Revenue from the CE segment decreased by 16.9% from HK\$1,398.1 million in FY2018 to HK\$1,161.2 million in FY2019, solely due to the slowdown in orders for smart LED lighting products.

Revenue from the ICE segment increased by 14.6% from HK\$1,455.6 million in FY2018 to HK\$1,667.6 million in FY2019, mainly due to the increase in demand from some of the existing and new ICE customers.

The Group's other income rose by 75.3% to HK\$26.7 million mainly due to the increase in interest income and net exchange gains. Selling and distribution costs went up by 9.4% to HK\$41.5 million in FY2019 due to the increase in commission expenses. On the other hand, administrative expenses increased by 9.7% from HK\$161.5 million in FY2018 to HK\$177.2 million in FY2019, mainly due to the increase in staff cost.

As a result of the abovementioned, net profit in FY2019 for the Group dropped marginally by 2.6% to HK\$199.5 million from HK\$204.7 million in FY2018. The Group's net profit for FY2019 translates into an earnings per share of approximately HK46.2 cents for FY2019 as compared to HK48.1 cents for FY2018.<sup>2</sup>

### **Maintains Healthy Financial Position**

As at 31 March 2019, the Group maintains a stable and healthy financial position with a net asset value per share (excluding treasury shares) of HK\$2.7 (31 March 2018: HK\$2.5)<sup>3</sup>. The Group has net current assets of HK\$850.5 million (31 March 2018: HK\$774.9 million) and total assets of HK\$2,013.4 million (31 March 2018: HK\$1,968.8 million). In addition, the Group

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<sup>2</sup> Basic earnings per share calculated based on a weighted average number of ordinary shares in issue (excluding treasury shares) of 431,535,927 shares for FY2019 and 425,539,112 shares for FY2018.

<sup>3</sup> NAV per share calculated on the basis of 433,378,337 shares as at 31 March 2019 and 429,053,837 shares as at 31 March 2018.

continues to have no bank borrowings as at 31 March 2019 and strong operating cash flows, as shown in its cash and bank deposits of HK\$930.4 million (31 March 2018: HK\$671.1 million).

## **Business Outlook**

With a mixed performance in the CE and ICE customer portfolios, the Group's revenue on an overall basis was relatively flat in FY2019 compared to the previous financial year. In FY2019, the CE segment revenue declined by double digits, solely due to a weak performance in smart lighting products, as the smart lighting customer extended their supplier chain outside China. Revenue from the consumer lifestyle products on the other hand, remained stable with no obvious sign and impact from the customer's diversification plan from the China supply chain. The decline in CE revenue was offset by the double digit revenue growth from the ICE segment in FY2019. This growth in the ICE segment came from a strong demand from the Group's printer customers, a new version of connectivity module phased in by the Group's automotive customer, as well as the contribution from new customers featuring IOT products.

The escalating trade tensions between the US and China has created an uncertain macro-environment and unpredictable risk over the Group's operations. More customers are deploying diversified procurement strategies by adopting and/or evaluating options of assembling products outside of China to mitigate their risks.

To alleviate this impact, the Group has been actively rolling out initiatives to expand its manufacturing footprint outside China in the past few months. Vietnam has been identified as a possible manufacturing site, and the Group has been working closely with one of its customers to explore manufacturing solutions at a leased site. The customer is expected to qualify this initial setup by end of June 2019, thereafter followed by mass production for shipment from Vietnam to the US market. Taking into account the development of trade tensions between the US and China, the Group may further expand its Vietnam production capacity by building its own manufacturing facilities.

Meanwhile, the Group will continue its corporate development strategy by expanding its footprint in North America through the exploration of M&A opportunities.

Barring unforeseen circumstances, the directors expect the Group to remain profitable in FY2020.

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 FTSE 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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