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Media Release

Valuetronics' Q1FY2016 net profit hits HK\$33.5 million

- Continued increased demand from Industrial and Commercial Electronics segment
- Demand slowdown in Consumer Electronics segment, especially from LED lighting business
- Gross profit margins improved to 14.3% from 12.8% in the previous corresponding quarter

Singapore, 14 August 2015 – 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 June 2015 (“Q1FY2016”) was HK\$33.5 million, a 1.1% decrease from the previous corresponding quarter ended 30 June 2014 (“Q1FY2015”).

Mr Ricky Tse Chong Hing (“谢创兴”), Chairman and Managing Director of Valuetronics commented: ***“Our focus on developing the ICE segment continues to bear fruit, as seen from the increased revenue in the ICE segment. We will continue to broaden our business developments in the ICE segment so as to balance the declining demand of our CE customers.”***

Q1FY2016 Financial Highlights

	3 months ended 30 June		
HK\$'M	2015	2014	% Change
Revenue	550.0	626.6	(12.2)
Gross Profit	78.5	80.3	(2.2)
Net Profit attributable to owners of the Company	33.5	33.9	(1.1)

The Group's revenue for Q1FY2016 decreased by 12.2% or HK\$76.6 million from HK\$626.6 million in Q1FY2015 to HK\$550.0 million in Q1FY2016.

Segmental Revenue			
HK\$'M	Q1FY2016	Q1FY2015	% Change
Consumer Electronics	280.2	383.9	(27.0)
Industrial & Commercial Electronics	269.8	242.7	11.2
Total	550.0	626.6	(12.2)

In Q1FY2016, ICE segmental revenue increased by 11.2% to HK\$269.8 million from HK\$242.7 million in Q1FY2015. However, this was offset by a 27.0% decrease in CE segmental revenue from HK\$383.9 million in Q1FY2015 to HK\$280.2 million due to the slowdown in demand from the LED lighting business.

The Group's gross profit for Q1FY2016 decreased by 2.2% to HK\$78.5 million from HK\$80.3 million in Q1FY2015, however its gross profit margin increased to 14.3% from 12.8% in Q1FY2015 with increased weightage in ICE segment.

Selling and distribution costs decreased by 3.5% to HK\$8.5 million for Q1FY2016 which was mainly due to strict control in marketing expenses. Administrative expenses increased by 3.2% to HK\$35.3 million in Q1FY2016. This increase is in line with the inflation.

As a result of the above, the net profit for Q1FY2016 dropped marginally by 1.1% to HK\$33.5 million from HK\$33.9 million in Q1FY2015.

As at 30 June 2015, Valuetronics has a net asset value per share of HK225.0 cents (31 March 2015: HK215.8 cents), total assets of HK\$1,618.2 million (31 March 2015: HK\$1,522.7 million) and shareholders' funds of HK\$843.3 million (31 March 2015: HK\$808.5 million). The Group had total cash of HK\$534.4 million (31 March 2015: HK\$505.8 million) due to the strong free cash flow generated for the period and continues to have zero debt as at 30 June 2015.

Business Outlook

During Q1FY2016, Valuetronics continued to benefit from the strong performance in the ICE segment which mitigated the decline in CE revenue. Business conditions in CE segment continued to remain challenging, especially for the LED lighting products. In spite of this, Valuetronics' overall gross profit margin improved slightly with increased weightage in the ICE segment, and its working capital remained healthy with operating activities generating positive cash flow.

Market players in the CE segment continued to accelerate their aggressive pricing strategies, especially for mass market LED lighting products, with no immediate signs of relief and this trend will continue to erode the Group's margins in this segment. Going forward, the Group foresees its revenue to be significantly less dependent on LED lighting products due to some of its existing LED mass market products reaching the end of their product life cycle. With less reliance on LED lighting products, the Group expects the CE segment to eventually comprise principally consumer lifestyle products.

As for the ICE segment, Valuetronics continues to see double digit growth in Q1FY2016 which is in tandem with the Group's strategy to continue to grow this segment. Valuetronics will continue to leverage its design and engineering co-development capabilities to explore new opportunities in this segment. With new business opportunities in the pipeline and having reached the final phases of contract negotiations with a customer, the Group remains optimistic on the growth of this segment.

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>

**Issued for and on behalf of Valuetronics Holdings Limited by Cogent Communications Pte Ltd.
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