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Media Release

Valuetronics' Q2FY2017 net profit attributable to shareholders rises 18% to HK\$38.1 million

- Both Consumer Electronics ("CE") and Industrial and Commercial Electronics ("ICE") segments registered growth in Q2FY2017

Singapore, 4 November 2016 – 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 2016 ("Q2FY2017") rose 18.2% to hit HK\$38.1 million, on the back of a revenue of HK\$573.7 million.

Mr Ricky Tse Chong Hing ("谢创兴"), Chairman and Managing Director of Valuetronics commented: ***"We continue to see steady growth in our ICE segment, and I am happy to report that our CE segment is also growing mainly due to the introduction of new wireless lighting products. We are aiming to acquire more of such smart, connected products for both our CE and ICE segments, and capture the global Internet-of-Things trend."***

Q2FY2017 Financial Highlights

	3 months ended 30 September		
HK\$'M	2016	2015	% Change
Revenue	573.7	526.5	9.0
Gross Profit	83.5	77.0	8.4
Gross Profit Margin	14.6%	14.6%	-
Net Profit attributable to owners of the Company	38.1	32.2	18.2

The Group's revenue for Q2FY2017 increased by 9.0% from HK\$526.5 million in Q2FY2016 to HK\$573.7 million in Q2FY2017.

Segmental Revenue			
HK\$'M	Q2FY2017	Q2FY2016	% Change
Consumer Electronics ("CE")	261.1	239.0	9.2
Industrial & Commercial Electronics ("ICE")	312.6	287.5	8.7
Total	573.7	526.5	9.0

In Q2FY2017, ICE segmental revenue increased by 8.7% to HK\$312.6 million from HK\$287.5 million in Q2FY2016. The increase was mainly contributed by the increase in demand from some ICE customers.

The CE segmental revenue increased by 9.2% to HK\$261.1 million in Q2FY2017 from HK\$239.0 million in Q2FY2016, which was mainly due to the increase in demand from some CE customers and the expansion of its product portfolio to include wireless lighting products with smart control features.

The Group's gross profit for Q2FY2017 increased by 8.4% to HK\$83.5 million from HK\$77.0 million in Q2FY2016, while gross profit margin remained stable at 14.6% for Q2FY2017 and Q2FY2016.

Selling and distribution costs increased by HK\$2.9 million to HK\$6.9 million from HK\$4.0 million in Q2FY2016. During the last period, the Group recorded a write-back of provision for sales

returns and claims amounted to HK\$3.4 million. In line with inflation, administrative expenses increased slightly by 1.7% to HK\$37.1 million from HK\$36.5 million.

As a result of the above, the Group's net profit attributable to shareholders Q2FY2017 increased by 18.2% to HK\$38.1 million from HK\$32.2 million in Q2FY2016.

Healthy Financial Position

As at 30 September 2016, the Group had net current assets of HK\$622.0 million (31 March 2016: HK\$605.5 million), total assets of HK\$1,643.6 million (31 March 2016: HK\$1,506.0 million) and shareholders' funds of HK\$851.9 million (31 March 2016: HK\$857.3 million). The Group also had cash and cash equivalents of HK\$659.2 million (31 March 2016: HK\$689.3 million) following the distribution of a cash dividend of HK\$75.8 million during the period.

Business Outlook

During Q2FY2017, Valuetronics continued to benefit from the widened customer base in the ICE segment, while the CE segment has shown a return to revenue growth driven by the introduction of new smart lighting products.

The Group's ICE segment continued to provide steady growth in Q2FY2017, mainly driven by stronger demand from some ICE customers and connectivity modules used in the automotive industry. Valuetronics is well-positioned to ride on the rise of in-car connectivity, and will further pursue such opportunities and others, within the automotive industry.

The CE segment recorded revenue growth from a portfolio of products with consumer applications as well as a new revenue stream from smart lighting products. Leveraging on its manufacturing expertise in LED products, the Group started the mass production of wireless lighting products with smart control features in Q2FY2017. These wireless lighting products contain various LEDs that specially chosen to produce wide range of intensities and over 16 million colours via mobile application which allows users to control the lighting from anywhere.

The wireless lighting product in the CE segment and in-car connectivity modules in the ICE segment are examples of the adoption of connectivity elements to traditional electronic products, as a result of the global Internet-of-Things (“IOT”) trend. Valuetronics will ride on the opportunities in the confluence of technologies under the IOT.

While Valuetronics is well positioned to take advantage of a widened product portfolio and opportunities in the pipeline, like most manufacturers, it continues to operate in an uncertain macro-economic environment. Externalities like a US dollar interest rate hike and a slip in general business confidence may have potential impacts on its business, however barring unforeseen circumstances, the management expects the Group to remain profitable for the financial year ended 31 March 2017.

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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