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Media Release

Valuetronics' Q3FY2017 net profit attributable to shareholders rises 70.2% to HK\$42.9 million

- 92.1% increase in Consumer Electronics revenue due to the increase in demand from some customers and the expansion of product portfolio to include wireless lighting products with smart control features
- Industrial and Commercial Electronics revenue continued steady growth

Singapore, 10 February 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 the Industrial and Commercial Electronics (“ICE”) sectors today announced that its net profit attributable to shareholders for the three months ended 31 December 2016 (“Q3FY2017”) increased by 70.2% to HK\$42.9 million from HK\$25.2 million for the three months ended 31 December 2015 (“Q3FY2016”). The increase in net profit was on the back of a 35.2% increase in Group revenue from HK\$434.5 million in Q3FY2016 to HK\$587.6 million in Q3FY2017.

Financial Highlights & Review

	3 months ended 31 December		
HK\$'M	2016	2015	% Change
Revenue	587.6	434.5	35.2
Gross Profit	91.0	70.5	29.1
Gross Profit Margin	15.5%	16.2%	-0.7 ppt
Net Profit attributable to owners of the Company	42.9	25.2	70.2

Mr Ricky Tse Chong Hing (“谢创兴”), Chairman and Managing Director of Valuetronics commented: ***“I am happy with our results this quarter as it is a reflection of our efforts to expand our product portfolio. Whilst our ICE revenue maintained its growth, the CE segment made some substantial gains in revenue due to the introduction of new wireless lighting products with smart control features. We will continue to look at opportunities to broaden our footprint in the automotive industry and acquire more smart and connected products for both our CE and ICE segments. This will not only fuel future growth but also help to diversify our business streams.”***

Segmental Revenue			
HK\$'M	Q3FY2017	Q3FY2016	% Change
Consumer Electronics (“CE”)	270.9	141.0	92.1
Industrial & Commercial Electronics (“ICE”)	316.7	293.5	7.9
Total	587.6	434.5	35.2

In Q3FY2017, Industrial & Commercial Electronics (“ICE”) revenue increased by 7.9% to HK\$316.7 million from HK\$293.5 million in Q3FY2016. The increase was mainly contributed by the increase in demand from some ICE customers.

CE revenue increased by 92.1% to HK\$270.9 million in Q3FY2017 from HK\$141.0 million in Q3FY2016, and this was mainly due to the increase in demand from some CE customers and the expansion of the Group’s product portfolio to include wireless lighting products with smart control features.

The Group’s gross profit for Q3FY2017 increased by 29.1% to HK\$91.0 million from HK\$70.5 million in Q3FY2016, while gross profit margin adjusted downward slightly from 16.2% to 15.5% from Q3FY2016 to Q3FY2017 as a result of the change in product sales mix during the period under review.

Selling and distribution expenses increased by 8.2% to HK\$8.2 million in Q3FY2017 from HK\$7.5 million in Q3FY2016, in line with the increase in sales, while administrative expenses decreased by 1.2% to HK\$35.7 million from HK\$36.1 million in Q3FY2016.

As a result of the above, the Group's net profit attributable to shareholders for Q3FY2017 increased by 70.2% to HK\$42.9 million from HK\$25.2 million in Q3FY2016.

For the nine months ended 31 December 2016 ("9MFY2017"), revenue increased by 8.4% to HK\$1,638.8 million from HK\$1,511.1 million for the nine months ended 31 December 2015 ("9MFY2016"). Net profit attributable to shareholders rose by 21.6% to HK\$110.5 million in 9MFY2017 from HK\$90.9 in 9MFY2016.

Healthy Financial Position

As at 31 December 2016, the Group had net current assets of HK\$678.1 million (31 March 2016: HK\$605.5 million), total assets of HK\$1,745.7 million (31 March 2016: HK\$1,506.0 million) and shareholders' funds of HK\$892.6 million (31 March 2016: HK\$857.3 million). The Group also had cash and cash equivalents of HK\$670.2 million as at 31 December 2016 (31 March 2016: HK\$689.3 million) following the distribution of a cash dividend of HK\$75.8 million in the preceding quarter.

Business Outlook

During Q3FY2017, Valuetronics continued to benefit from the widened customer base in the Industrial and Commercial Electronics ("ICE") segment, while the Consumer Electronics ("CE") segment posted a return to revenue growth with the new smart LED lighting products. The CE segment has moved out of contraction from the discontinued mass market LED light bulbs business and returned to growth with a new revenue stream from smart LED lighting products with Internet-of-Things ("IOT") features.

Furthermore, the ICE segment continued to deliver growth with the connectivity modules used in the automotive industry. Valuetronics will ride on the rise of in-car connectivity, and will further pursue more of such opportunities and others within the automotive industry.

The Group is well positioned to take advantage of a widened product portfolio and opportunities in the pipeline. However, in common with most manufacturers, it is operating in an uncertain macro-economic environment and uncertain political climate with the change in the US presidency. The Group will remain mindful of impacts on the overall business which may result from a US interest rate hike and protectionist measures under the new US administration.

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