

Media Release

Valuetronics' FY2017 net profit rose 27.9% to HK\$154.1 million

- Valuetronics returns to revenue and net profit growth with a strong performance across all segments in FY2017
- Consumer Electronics (“CE”) revenue increased by 19.7% to HK\$987.1 million
- Industrial and Commercial Electronics (“ICE”) revenue increased by 14.1% to HK\$1,287.8 million
- Proposes a final Ordinary Dividend of 15 HK cents per share and a Special Dividend of 5 HK cents per share

Singapore, 25 May 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 Industrial and Commercial Electronics (“ICE”) sectors today announced that its net profit for the financial year ended 31 March 2017 (“FY2017”) has increased by 27.9% to HK\$154.1 million from HK\$120.4 million from the financial year ended 31 March 2016 (“FY2016”).

Mr Ricky Tse Chong Hing (“谢创兴”), Chairman and Managing Director of Valuetronics commented: ***“Our strong FY2017 results reflect a return to growth both in terms of our revenue and net profit. We are back on our path of growth, following our exit from mass market light bulbs in the third quarter of FY2016. Today, we have a widening product portfolio, especially with the smart lighting products with Internet-of-Things (“IOT”) features***

and our steadily growing automotive business, notably with another automaker of our existing customer in the process of qualifying us.”

Dividends

The Board is recommending a final Ordinary Dividend of 15 HK cents per share and a Special Dividend of 5 HK cents per share for FY2017, both of which are subject to shareholders' approval at the Annual General Meeting to be convened (“Dividends”). In aggregate, the Dividends amount to approximately 54.6% of the net profit attributable to shareholders for FY2017.

Following the approval by shareholders on 22 May 2017 for a bonus issue of one new share for every ten existing shares¹, these bonus shares will be allotted in June 2017 and will be entitled to the above Dividends.

Financial Highlights

HK\$'M	Year ended 31 March		
	2017	2016	% Change
Revenue	2,274.9	1,952.9	16.5%
Gross Profit	341.7	297.5	14.9%
Gross Profit Margin	15.0%	15.2%	(0.2% pts)
Net Profit attributable to owners of the Company	154.1	120.4	27.9%

The Group's revenue grew by 16.5% from HK\$1,952.9 million in FY2016 to HK\$2,274.9 million in FY2017. Correspondingly, gross profit also increased by 14.9% to HK\$341.7 million in FY2017 from HK\$297.5 million in FY2016, with gross profit margin remaining stable at around 15.0% for FY2017.

¹ Please refer to the announcements made by the Company on 21 Apr 2017 and 22 May 2017

Segmental Revenue			
HK\$'M	FY2017	FY2016	% Change
Consumer Electronics ("CE")	987.1	824.6	19.7%
Industrial & Commercial Electronics ("ICE")	1,287.8	1,128.3	14.1%
Total	2,274.9	1,952.9	16.5%

In FY2017, CE segmental revenue increased by 19.7% from HK\$824.6 million in FY2016 to HK\$987.1 million in FY2017, mainly due to growth arising from the introduction of new products such as smart lighting products with IOT features.

ICE segmental revenue also increased by 14.1% from HK\$1,128.3 million in FY2016 to HK\$1,287.8 in FY2017, mainly due to the increase in demand from some of the ICE customers.

As a result of the strong revenue growth, the Group's net profit for FY2017 increased by 27.9% to HK\$154.1 million from HK\$120.4 million in FY2016.

Healthy Financial Position

As at 31 March 2017, the Group remains in a healthy financial position with a net asset value per share (excluding treasury shares) of HK\$2.50 (31 March 2016: HK\$2.30)². The Group has net current assets of HK\$734.0 million (31 March 2016: HK\$605.5 million) and total assets of HK\$1,823.0 million (31 March 2016: HK\$1,506.0 million).

The Group has no bank borrowings as at 31 March 2017. With strong free cash flows, the Group's cash and cash equivalents increased to HK\$752.9 million as compared to HK\$689.3 million as at 31 March 2016.

Business Outlook

² NAV per share calculated on the basis of number of ordinary shares in issue (excluding treasury shares) of 381,348,950 shares as at 31 March 2017 and 379,213,350 shares as at 31 March 2016.

In FY2017, Valuetronics has recorded a strong performance across all segments. Following the exit of traditional mass market LED light bulbs in FY2016, the Group has refined the CE segment's product portfolio to include smart lighting products with IOT features. Valuetronics remains optimistic on the growth prospects of these products as consumers start to adopt them for their homes.

The ICE segment continued its fourth consecutive year of double digital growth in FY2017. The strong growth was mainly driven by in-car connectivity modules used in automotive industry. The Group acquired its first automotive customer in FY2016, and started supplying in-car connectivity modules to one of their automaker customers. Through this automotive customer, the Group is currently undergoing qualification by another automaker and approval is expected by late FY2018.

Both the smart lighting with IOT features and in-car connectivity modules are examples of increased mobile connectivity in day-to-day applications, in tandem with the global trend towards IOT. Moving forward, Valuetronics will ride on the opportunities presented by the confluence of technology under the emergent IOT trend in order to expand its product portfolio.

The Group will continue to strive for profitability growth and operational excellence in order to enhance shareholders value. However, like most manufacturers, Valuetronics is currently operating in an uncertain macro-economic environment, and continues to be mindful of possible business impacts, such as fluctuations in raw material price and procurement lead times. Barring unforeseen circumstances, the directors expect the Group to remain profitable in the coming financial year.

“This year is the 10th anniversary of our SGX listing, and I am happy to note that as a company, we are stronger, resilient, and ready today to pursue more opportunities for growth, especially with the emergent IOT trend”, Mr Tse concluded.

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 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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