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Media Release

Valuetronics' Q1FY2017 net profit hits HK\$29.6 million as industrial and commercial electronics segment continues growth momentum

- Industrial and Commercial Electronics revenue increased by 15.8% to HK\$312.5 million
- Gross profit margin improved from 14.3% to 16.0%

Singapore, 12 August 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 June 2016 (“Q1FY2017”) reached HK\$29.6 million, on the back of a revenue of HK\$477.5 million.

Both revenue and net profit saw a decrease when compared to corresponding quarter ended 30 June 2015 (“Q1FY2016”) as the Company phased out and exited the mass market LED light bulb business in the third quarter of the last financial year.

Mr Ricky Tse Chong Hing (“谢创兴”), Chairman and Managing Director of Valuetronics commented: ***“We are recovering after exiting the mass market LED light bulb business, supported by the strong growth of our ICE segment. Our gross profit margins have also improved as a result but the ICE segment does not naturally have the volumes of the CE***

segment so it will take a while to bring up our total revenue back to previous levels. I am pleased that the ICE segment continues to grow steadily and we will continue our efforts to pursue opportunities in this segment leveraging our design and development capabilities.”

Q1FY2017 Financial Highlights

HK\$'M	3 months ended 30 June		
	2016	2015	% Change
Revenue	477.5	550.0	(13.2)
Gross Profit	76.6	78.5	(2.4)
Gross Profit Margin	16.0%	14.3%	1.7pts
Net Profit attributable to owners of the Company	29.6	33.5	(11.6)

The Group's revenue for Q1FY2017 decreased by 13.2% or HK\$72.5 million from HK\$550.0 million in Q1FY2016 to HK\$477.5 million in Q1FY2017.

Segmental Revenue			
HK\$'M	Q1FY2017	Q1FY2016	% Change
Consumer Electronics ("CE")	165.0	280.2	(41.1)
Industrial & Commercial Electronics ("ICE")	312.5	269.8	15.8
Total	477.5	550.0	(13.2)

In Q1FY2017, ICE segmental revenue increased by 15.8% to HK\$312.5 million from HK\$269.8 million in Q1FY2016. The increase was mainly contributed by the increase in demand from some ICE customers.

The CE segmental revenue on the other hand, decreased by 41.1% to HK\$165.0 million from HK\$280.2 million in Q1FY2016, which was mainly due to the decline in demand of LED lighting products, as the Group phased out and exited from the mass market LED light bulb business in the third quarter of last financial year.

The Group's gross profit for Q1FY2017 decreased slightly by 2.4% to HK\$76.6 million from HK\$78.5 million in Q1FY2016, however its gross profit margin increased to 16.0% from 14.3% in Q1FY2016. The improved gross profit margin was mainly due to a change in product sales mix during the period.

Selling and distribution costs decreased by 5.0% to HK\$8.1 million for Q1FY2017 in line with the decrease in revenue, whereas administrative expenses increased slightly by 2.4% to HK\$36.1 million in line with the inflation.

As a result of the above, the Group's net profit for Q1FY2017 decreased by 11.6% to HK\$29.6 million from HK\$33.5 million in Q1FY2016.

Healthy Financial Position

As at 30 June 2016, the Group had a net asset value per share of HK234.2 cents (31 March 2016: HK226.1 cents), total assets of HK\$1,634.4 million (31 March 2016: HK\$1,506.0 million) and shareholders' funds of HK\$888.3 million (31 March 2016: HK\$857.3 million). The Group had cash and cash equivalents of HK\$744.9 million (31 March 2016: HK\$689.3 million) due to the strong free cash flow generated for the period and continues to have zero debt as at 30 June 2016.

Business Outlook

The Group continued to benefit from its widened customer base in the ICE segment and the growth of the ICE segment during Q1FY2017, mitigated the decline in CE revenue. With the increased weightage in the ICE segment, overall gross profit margin has improved.

With the exit from the mass market LED light bulb business since the third quarter of FY2016, the revenue contribution from the CE segment has stabilised between HK\$140 million and HK\$165 million per quarter from the second half of FY2016.

The ICE segment continued to achieve a sustainable double digit growth in Q1FY2017, riding on the new revenue stream from the automotive industry, which further extended the breadth of the ICE segment. Serving the automotive industry has also placed the Group in a new era of customer requirements characterised by visibility, flexibility, scalability and stringent quality deliverables, and the Group will continue to pursue opportunities in the segment.

Although Valuetronics is well positioned to take advantage of a wider product portfolio and opportunities in the pipeline, it continues to operate in an uncertain macro-economic environment like most manufacturers. It will remain mindful of potential impacts on its business that may result from a stronger US dollar or slowdown in China's economy. 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>

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