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Media Release

Valuetronics' Q1FY2019 Net Profit grew by 1.9% to HK\$49.7 million

- Industrial and Commercial Electronics (“ICE”) revenue rose by 15.2% to HK\$436.8 million
- Cash and bank deposits increased from HK\$671.1 million as at 31 March 2018 to HK\$757.2 million as at 30 June 2018 with strong free cash flows

Singapore, 14 August 2018 – 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 2018 (“Q1FY2019”) has increased by 1.9% to HK\$49.7 million.

Q1FY2019 Financial Highlights

	3 months ended 30 June		
HK\$'M	2018	2017	% Change
Revenue	704.0	695.7	1.2
Gross Profit	102.8	104.3	-1.5
Gross Profit Margin	14.6%	15.0%	- 0.4% pt
Net Profit attributable to owners of the Company	49.7	48.7	1.9

Mr Ricky Tse Chong Hing (“谢创兴”), Chairman and Managing Director of Valuetronics commented: ***“In CE segment, we expect to ride on the recovery trend of our smart lighting customer as they are expecting more product sales following their trade partners’ winding down of inventories to more normalised levels. On the other hand, the strong performance of in-car connectivity modules used in the automotive industry continues to lead the growth of our ICE segment.”***

The Group’s revenue increased by 1.2% from HK\$695.7 million for the three months ended 30 June 2017 (“Q1FY2018”) to HK\$704.0 million in Q1FY2019.

Segmental Revenue			
HK\$’M	Q1FY2019	Q1FY2018	% Change
Consumer Electronics (“CE”)	267.2	316.5	-15.6
Industrial & Commercial Electronics (“ICE”)	436.8	379.2	15.2
Total	704.0	695.7	1.2

In Q1FY2019, the CE segmental revenue decreased by 15.6% to HK\$267.2 million in Q1FY2019 from HK\$316.5 million in Q1FY2018. The decrease was mainly attributable to the slowdown in demand from its CE customer in the smart lighting business, which is partially offset by the increased sales of consumer lifestyle products.

The ICE segmental revenue however, rose by 15.2% to HK\$436.8 million in Q1FY2019 from HK\$379.2 million in Q1FY2018, and this was mainly contributed by the increase in demand from some ICE customers, in particular on the back of strong performance in connectivity modules used in automotive industry.

The Group’s gross profit for Q1FY2019 decreased slightly by 1.5% to HK\$102.8 million from HK\$104.3 million in Q1FY2018. Gross profit margin decreased to 14.6% in Q1FY2019 from 15.0% in Q1FY2018 and this was mainly due to a change in product sales mix during the period in under review.

Other income increased by 293.6% to HK\$5.4 million and this was mainly due to the increase in net exchange gains.

Selling and distribution expenses increased by 7.4% to HK\$10.9 million in Q1FY2019 which is mainly attributable to the increase in commission expenses, whereas administrative expenses increased by 2.0% to HK\$40.9 million in Q1FY2019 as compared to HK\$40.0 million in Q1FY2018.

As a result of the above, the Group's net profit in Q1FY2019 increased by 1.9% to HK\$49.7 million from HK\$48.7 million in Q1FY2018.

Healthy Financial Position

As at 30 June 2018, the Group had net current assets of HK\$832.1 million (31 March 2018: HK\$774.9 million), total assets of HK\$2,091.5 million (31 March 2018: HK\$1,968.8 million) and shareholders' funds of HK\$1,111.5 million (31 March 2018: HK\$1,062.0 million). The Group had zero debt and cash and bank deposits of HK\$757.2 million as at 30 June 2018 (31 March 2018: HK\$671.1 million).

Business Outlook

The CE segment saw a revenue decline in Q1FY2019 compared to Q1FY2018 due to weak performance in smart lighting products, as highlighted previously in the Group's results for the financial year ended 31 March 2018 ("FY2018").

The Group's smart lighting customer indicated in their most recent financial results released at the end of July 2018 that their sales between April and June 2018 were weak due to their trade partners winding down inventories to more normalised levels. The customer also indicated that they will be expecting more product sales in the remainder of the year, thus the Group expects to ride on this recovery trend. Meanwhile, the Group expects consumer lifestyle products in

the CE segment to continue its growth momentum on the back of the new series of innovative products.

The ICE segment's revenue continued its double-digit growth during the period, in particular the strong performance in connectivity modules used in automotive industry. Automotive products are expected to remain as the primary driver for the ICE segment's growth with increasing demand for in-car connectivity.

As a manufacturer with global sales, Valuetronics currently operates in an uncertain macro-economic environment, caused by geopolitical and trade tensions and also supply chain challenges such as rising raw material prices and longer procurement lead times. Nevertheless, the Group will continue to advance by maintaining its focus on operational improvements and working proactively with customers in order to navigate this dynamic macro-environment.

Barring unforeseen circumstances, the directors expect the Group to remain profitable for the financial year ending 31 March 2019.

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 Holdings Limited was listed on the SGX Mainboard in 2007 and is currently a constituent stock on the FTSE ST Small Cap and FTSE ST China Indices. 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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