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Media Release

Valuetronics' Q1FY2018 net profit rose 64.8% to HK\$48.7 million

- Consumer Electronics (“CE”) revenue increased by 91.8% to HK\$316.5 million
- Industrial and Commercial Electronics (“ICE”) revenue increased by 21.3% to HK\$379.2 million
- Recently qualified by another automaker served by the Group’s existing automotive customer

Singapore, 11 August 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 three months ended 30 June 2017 (“Q1FY2018”) has increased by 64.8% to HK\$48.7 million.

Q1FY2018 Financial Highlights

HK\$'M	3 months ended 30 June		
	2017	2016	% Change
Revenue	695.7	477.5	45.7
Gross Profit	104.3	76.6	36.2
Gross Profit Margin	15.0%	16.0%	-1.0 %pts
Net Profit attributable to owners of the Company	48.7	29.6	64.8

Mr Ricky Tse Chong Hing (“谢创兴”), Chairman and Managing Director of Valuetronics commented: ***“During Q1FY2018, we saw a continued strong performance across all segments. The CE segment’s growth was driven by Smart Lighting with IOT features and we are optimistic of its growth prospects. The ICE segment on the other hand, benefitted from the increased demand for in-car connectivity modules used in the automotive industry and printers. I am happy to note that our automotive business is growing since our entry just two years ago. We have recently been qualified by another automaker of our existing automotive customer and will continue to ride on this success to further pursue opportunities in the automotive industry and expand our production portfolio and customer base.”***

The Group’s revenue increased by 45.7% from HK\$477.5 million for the three months ended 30 June 2016 (“Q1FY2017”) to HK\$695.7 million in Q1FY2018.

Segmental Revenue			
HK\$’M	Q1FY2018	Q1FY2017	% Change
Consumer Electronics (“CE”)	316.5	165.0	91.8
Industrial & Commercial Electronics (“ICE”)	379.2	312.5	21.3
Total	695.7	477.5	45.7

In Q1FY2018, the CE segmental revenue increased by 91.8% to HK\$316.5 million in Q1FY2018 from HK\$165.0 million in Q1FY2017. The increase was mainly attributable to the introduction of new products, smart LED lighting products with Internet of Things (“IOT”) features.

The ICE segmental revenue also increased by 21.3% to HK\$379.2 million in Q1FY2018 from HK\$312.5 million in Q1FY2017. The increase was mainly contributed by the increase in demand from some ICE customers due to the increasing demand from in-car connectivity modules used in the automotive industry and printers.

The Group's gross profit for Q1FY2018 increased by 36.2% to HK\$104.3 million from HK\$76.6 million in Q1FY2017. Gross profit margin decreased to 15.0% in Q1FY2018 from 16.0% in Q1FY2017 mainly due to a change in product sales mix during the period.

The Group's other income decreased by 29.8% to HK\$1.4 million, mainly due to the increase in interest income being offset by the increase in net exchange losses.

Selling and distribution expenses increased by 25.9% to HK\$10.2 million in Q1FY2018 in line with increase in revenue, whereas administrative expenses increased by 10.8% to HK\$40.0 million in Q1FY2018 due to an increase in staff cost and travelling expenses.

As a result of the above, the Group's net profit in Q1FY2018 increased by 64.8% to HK\$48.7 million from HK\$29.6 million in Q1FY2017.

Healthy Financial Position

As at 30 June 2017, the Group had a net current asset of HK\$727.8 million (31 March 2017: HK\$734.0 million), total assets of HK\$1,986.2 million (31 March 2017: HK\$1,823.0 million) and shareholders' funds of HK\$991.2 million (31 March 2017: HK\$938.6 million). The Group had zero debt and cash and cash equivalents of HK\$719.3 million as at 30 June 2017 (31 March 2017: HK\$752.9 million).

Business Outlook

Valuetronics continued the strong performance across all segments in Q1FY2018 where its revenue increased by 45.7% and its profit attributable to owners of the Company rose 64.8%.

The strong growth in CE segment in Q1FY2018 was mainly driven by the smart LED lighting products with IOT features. The Group remains optimistic on the growth prospects of the smart LED lighting product as IOT devices are gaining more popularity.

The ICE segment delivered double digital revenue growth in Q1FY2018 with increased demand from in-car connectivity modules used in the automotive industry and printers. The Group has acquired its first automotive customer in FY2016, and started supplying in-car connectivity modules to one of their automaker customers. The Group has also been recently qualified by another automaker served by this automotive customer.

Valuetronics will continue to ride on its successful penetration into the automotive industry to pursue further opportunities in this industry and expand product portfolio and customer base by providing vertical integrated services with their design and development capabilities.

Like most manufacturers, Valuetronics is currently operating in an uncertain macro-economic environment, and continues to be mindful of the possible business impact such as fluctuations in raw material price and lead time in procurement.

Barring unforeseen circumstances, the directors expect the Group to remain profitable for the financial year ending 31 March 2018.

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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