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## Media Release

# Valuetronics no longer dependent on mass market LED light bulbs

- Q3FY2016 Consumer Electronics revenue decreases by 61.0% to HK\$141.0 million due to the cessation of mass market LED light bulb production, which was partially offset by a 24.9% increase in Industrial and Commercial Electronics revenue to HK\$293.5 million
- Gross profit margin improves to 16.2% from 14.0% due to change in product sales mix
- The Company continues to be debt-free, with an increase in cash and cash equivalents to HK\$681.8 million as at 31 December 2015

**Singapore, 3 February 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 its financial results for the three months ended 31 December 2015 (“Q3FY2016”).

### Financial Highlights

HK\$'M	3 months ended 31 December		
	2015	2014	% Change
Revenue	434.5	596.2	(27.1)
Gross Profit	70.5	83.7	(15.8)
Gross Profit Margin	16.2%	14.0%	2.2pts
<b>Net Profit attributable to owners of the Company</b>	<b>25.2</b>	<b>39.2</b>	<b>(35.8)</b>

The Group's revenue decreased by 27.1% to HK\$434.5 million in Q3FY2016 from HK\$596.2 million in Q3FY2015. Gross profit correspondingly also decreased by 15.8% to HK\$70.5 million in Q3FY2016 from HK\$83.7 million in Q3FY2015. However, the Group's gross profit margin improved to 16.2% from 14.0% in Q3FY2015, mainly due to the change in product sales mix during the period under review.

Segmental Revenue			
HK\$'M	Q3FY2016	Q3FY2015	% Change
Consumer Electronics ("CE")	141.0	361.2	(61.0)
Industrial & Commercial Electronics ("ICE")	293.5	235.0	24.9
Total	434.5	596.2	(27.1)

For Q3FY2016, CE segmental revenue decreased by 61.0% from HK\$361.2 million in Q3FY2015 to HK\$141.0 million in Q3FY2016, mainly due to the decline in sales of LED lighting products as mass market LED light bulbs reached their end-of-life cycle.

This was however compensated by a 24.9% increase in ICE segmental revenue from HK\$235.0 million in Q3FY2015 to HK\$293.5 million in Q3FY2016. The revenue increase in the ICE segment was mainly due to the increase in demand from some existing and new ICE customers.

The Group's selling and distribution costs decreased by 12.4% to HK\$7.5 million in Q3FY2016, mainly due to its continuous strict control in marketing expenses. Administrative expenses of HK\$36.1 million in Q3FY2016 were around the same level as Q3FY2015.

As a result, Q3FY2016 net profit fell by 35.8% to HK\$25.2 million from HK\$39.2 million in Q3FY2015.

Mr Ricky Tse Chong Hing ("谢创兴"), Chairman and Managing Director of Valuetronics commented: ***"I am happy that our ICE segment revenue continues to grow, as our CE segment adjusts with a lesser contribution from LED lighting products. We have been scaling back the***

***mass market LED light bulb business over the past few quarters and while this has naturally impacted our overall revenue and profit, our gross profit margins have improved as a result. ”***

### **Healthy Financial Position**

As at 31 December 2015, Valuetronics has a net asset value per share (excluding treasury shares) of HK218.1 cents (31 March 2015: HK215.8 cents) and total assets of HK\$1,526.3 million (31 March 2015: HK\$1,522.7 million). The Group had a total cash of HK\$681.8 million (31 March 2015: HK\$505.8 million) after the distribution of cash dividend of HK\$75.5 million. The Group has a strong free cash flow and continues to have zero debt as at 31 December 2015.

***“We remain very solvent, with zero debt and with cash and cash equivalents of HK\$681.8 million as at 31 December 2015. This puts us in a strong financial position to face the possible challenges and opportunities”,*** Mr Tse added.

### **Business Outlook**

During Q3FY2016, Valuetronics continued to benefit from the widen customer base in the ICE segment, and the growth of the ICE segment has mitigated the decline in CE revenue. With this increased weightage in the ICE segment, the overall gross profit margin has improved slightly. The ICE segment continued to achieve double digit growth during the period. This came from revenue growth from some of the existing customers and a new revenue stream from the production of electronic products for the automotive industry.

CE revenue for Q3FY2016 came predominantly from consumer lifestyle products, as the Group completed all its last orders for mass market LED light bulbs. With no more production of mass market LED light bulbs, the CE revenue will now comprise products with consumer applications for a portfolio of customers.

While the Group is well-positioned to take advantage of a widened product portfolio and opportunities in the pipeline, it remains mindful of the impacts on its overall business which

could result from a stronger US dollar, a continuously depreciated RMB, and a further slowdown in China's economy. Barring unforeseen circumstances, the directors expect the Group to remain profitable for the financial year ended 31 March 2016.

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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