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Media Release

Valuetronics' Q3FY2014 net profit up 45.0% to hit HK\$35.5 million

Singapore, 11 February 2014 – 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, industrial and commercial electronics sectors today announced that its net profit for the three months ended 31 December 2013 (“Q3FY2014”) increased by 45.0% to HK\$35.5 million due to the high growth from some of its Industrial and Commercial Electronics (“ICE”) customers and Consumer Electronics (“CE”) customers.

Mr Ricky Tse Chong Hing (“谢创兴”), Chairman and Managing Director of Valuetronics commented: ***“Despite the usual market volatility, we are experiencing growing orders from both our ICE and CE customers. As the global recovery shows signs of a recovery, overall customer outlook is also showing signs of improvement as they seek to capture more market opportunities. Our push to broaden our ICE customer base to balance fluctuations in the CE segment is also starting to pay off, as more ICE product programs get assigned to us.”***

Q3FY2014 Financial Highlights

| HK\$'M | 3 months ended 31 December | | | 9 months ended 31 December | | |
|--------------------------------|----------------------------|-------------|-------------|----------------------------|-------------|--------------|
| | Q3FY2014 | Q3FY2013 | % Change | 9MFY2014 | 9MFY2013 | % Change |
| Continuing Operations | | | | | | |
| Revenue | 576.8 | 508.1 | 13.5 | 1,820.1 | 1,731.0 | 5.1 |
| Gross Profit | 78.4 | 64.4 | 21.7 | 241.2 | 210.6 | 14.6 |
| Profit for the period | 35.5 | 25.6 | 38.6 | 108.4 | 92.6 | 17.1 |
| Discontinued Operations | | | | | | |
| Loss for the period | - | (1.1) | NM | - | (39.1) | NM |
| Net Profit | 35.5 | 24.5 | 45.0 | 108.4 | 53.5 | 102.5 |

The Group's revenue increased by 13.5% from HK\$508.1 million for the three months ended 31 December 2012 ("Q3FY2013") to HK\$576.8 million in Q3FY2014, mainly due to growth from some of its ICE and CE customers. For the nine months ended 31 December 2013 ("9MFY2014"), revenue increased by 5.1% to HK\$1,820.1 million from HK\$1,731.0 million for the previous corresponding period ("9MFY2013").

| Segmental Revenue | | | | | | |
|-------------------------------------|----------|----------|----------|----------|----------|----------|
| HK\$'M | Q3FY2014 | Q3FY2013 | % Change | 9MFY2014 | 9MFY2013 | % Change |
| Consumer Electronics | 385.7 | 352.6 | 9.4 | 1,270.7 | 1,267.9 | 0.2 |
| Industrial & Commercial Electronics | 191.1 | 155.5 | 22.9 | 549.4 | 463.1 | 18.6 |
| Total | 576.8 | 508.1 | 13.5 | 1,820.1 | 1,731.0 | 5.1 |

In Q3FY2014, CE revenue increased by 9.4% to HK\$385.7 million from HK\$352.6 million in Q3FY2013, whereas ICE revenue increased by 22.9% to HK\$191.1 million in Q3FY2014 from HK\$155.5 million in Q3FY2013, due to increases in demand from some of the Group's CE and ICE customers respectively. On a nine-month basis, CE revenue was flat, amounting to HK\$1,270.7 million, whereas ICE revenue increased by 18.6% to HK\$549.4 million from HK\$463.1 million.

The Group's gross profit for Q3FY2014 increased by 21.7% to HK\$78.4 million from HK\$64.4 million in Q3FY2013, and gross profit margin improved from 12.7% to 13.6%. For 9MFY2014, gross profit increased by 14.6% to HK\$241.2 million from HK\$210.6 million in 9MFY2013, while gross profit margin improved from 12.2% to 13.3%. The changes in gross profit margin were a result of changes in the product sales mix during the periods reviewed.

Increases in logistics costs to deal with the increase in sales volume led selling and distribution costs to grow by 2.4% to HK\$8.5 million for Q3FY2014. On a nine-month basis, the increase in logistics costs and commission expenses for sales representatives led selling and distribution costs to increase by 12.9% to HK\$30.9 million.

Administrative expenses also increased by 12.9% to HK\$32.2 million in Q3FY2014 and by 8.7% to HK\$92.9 million for 9MFY2014 mainly due to salary increases for eligible employees during the periods reviewed.

Net profit attributable to shareholders for Q3FY2014 grew by 45.0% to HK\$35.5 million from HK\$24.5 million in Q3FY2013. For 9MFY2014, net profit attributable to shareholders reached HK\$108.4 million, a 102.5% increase from HK\$53.5 million in 9MFY2013.

As at 31 December 2013, Valuetronics had a net asset value per share of HK186.9 cents (31 March 2013: HK164.5 cents), total assets of HK\$1,430.7 million (31 March 2013: HK\$1,112.4 million) and shareholders' funds of HK\$683.1 million (31 March 2013: HK\$592.2 million). Cash and cash equivalents increased significantly to HK\$402.4 million owing to better working capital management (31 March 2013: HK\$221.6 million), and there is no debt. Over 90% of its cash and cash equivalents were placed in reputable financial institutions in Hong Kong.

Business Outlook

The Group has achieved growth in its ICE segment for three consecutive quarters in the financial year due to its widened customer base and product portfolio. There are signs of subdued growth that CE segment is recovering from the previous six months due to the launch of new products by one of the CE customers.

While there are signs of a recovery in the global economy, the Group will closely monitor how its customers react and capture additional opportunities. Nevertheless, it continues to expect recurring operational challenges, such as cost and wage pressures in the PRC. As always, the Group will continue to remain vigilant in its monitoring of market developments and will continue efforts to improve its fundamentals, including its design and development capabilities, production efficiencies and inventory management.

Barring unforeseen circumstances, the directors expect the Group to achieve strong growth in profitability for the financial year ended 31 March 2014.

End.

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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