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Media Release

Valuetronics' Q1FY2020 net profit decreased by 3.1% to HK$48.1 million

- Gross profit margin went up by 0.5 percentage points to 15.1%
- Cash and bank deposits increased from HK$930.4 million as at 31 March 2019 to HK993.0 million as at 30 June 2019 with strong free cash flows and zero debt

Singapore, 14 August 2019 – 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 2019 ("Q1FY2020") has decreased by 3.1% to HK$48.1 million.

Q1FY2020 Financial Highlights

	3 months ended 30 June		
HK$'M	**2019**	**2018**	**% Change**
Revenue	654.3	704.0	-7.1
Gross Profit	99.0	102.8	-3.7
Gross Profit Margin	15.1%	14.6%	0.5% pts
Net Profit attributable to owners of the Company	48.1	49.7	-3.1

Mr Ricky Tse Chong Hing ("谢创兴"), Chairman and Managing Director of Valuetronics commented: ***"Our leased facility in Vietnam has been qualified by our customer and***

shipments to US have already started. This alternative option in Vietnam that we have provided is part of our value-added service to customers that are looking at diversifying their manufacturing footprint outside of China. We intend to acquire a plot of land to build our own manufacturing facility in Vietnam so as to cater to future customer needs."

The Group's revenue decreased by 7.1% from HK$704.0 million for the three months ended 30 June 2018 ("Q1FY2019") to HK$654.3 million in Q1FY2020.

Segmental Revenue			
HK$'M	**Q1FY2020**	**Q1FY2019**	**% Change**
Consumer Electronics ("CE")	240.8	267.2	-9.9
Industrial & Commercial Electronics ("ICE")	413.5	436.8	-5.3
Total	654.3	704.0	-7.1

In Q1FY2020, the CE segmental revenue decreased by 9.9% to HK$240.8 million in Q1FY2020 from HK$267.2 million in Q1FY2019, which was mainly attributable to the decrease in demand from some of its CE customers.

The ICE segmental revenue decreased by 5.3% to HK$413.5 million in Q1FY2020 from HK$436.8 million in Q1FY2019, which was mainly attributable to the decrease in demand from some of its ICE customers.

The Group's gross profit for Q1FY2020 decreased slightly by 3.7% to HK$99.0 million from HK$102.8 million in Q1FY2019. Gross profit margin increased to 15.1% in Q1FY2020 from 14.6% in Q1FY2019 and this was mainly due to a change in product sales mix during the period.

Other income increased by 43.1% to HK$7.8 million and this was mainly due to the increase in interest income.

Selling and distribution expenses decreased by 19.9% to HK$8.7 million in Q1FY2020 and this was mainly attributable to the decrease in revenue and corresponding commission expenses, whereas administrative expenses increased by 6.5% to HK$43.5 million in Q1FY2020 which was mainly due to the increase in staff cost.

As a result of the above, the Group's net profit in Q1FY2020 decreased by 3.1% to HK$43.5 million from HK$49.7 million in Q1FY2019.

Healthy Financial Position

As at 30 June 2019, the Group had net current assets of HK$934.3 million (31 March 2019: HK$850.5 million), total assets of HK$2,102.5 million (31 March 2019: HK$2,013.4 million) and shareholders' funds of HK$1,206.2 million (31 March 2019: HK$1,159.3 million). The Group had zero debt and cash and bank deposits of HK$993.0 million as at 30 June 2019 (31 March 2019: HK$930.4 million).

Business Outlook

The escalation of trade tensions between the US and China show no immediate signs of abatement, and this will continue to affect the Group's operations negatively. For the quarter ended 30 June 2019, approximately 45% of the Group's revenue was shipped to the US and around half of the Group's US shipment from China was subjected to a 25% tariff imposed on our customers by the US. In recent developments, the US president has also threatened to impose a 10% tariff on remaining Chinese imports from 1 September 2019. Such escalating trade tensions has resulted in more and more customers deploying diversified procurement strategies, such as adopting and/or evaluating the options of assembling their products out of China.

Meanwhile, the Group's Vietnam expansion is progressing as planned. The Group's leased site in Vietnam has been qualified by a customer and the mass production has begun since June 2019, with shipments made from Vietnam to the US market. Moving forward, the Group intends to acquire a plot of land in an industrial park to build its own manufacturing campus in Vietnam.

Barring unforeseen circumstances, the directors expect the Group to remain profitable for the financial year ending 31 March 2020.

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 Singapore, FTSE ST China and FTSE Global MicroCap 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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