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Media Release

Valuetronics' FY2015 net profit rose 0.9% to HK\$149.2 million

- Industrial and Commercial Electronics segment continues to see strong growth at 22.6%
- Higher gross profit and gross margin due to change in product sales mix
- Proposes Final Dividend of 16 HK cents per share and Special Dividend of 4 HK cents per share

Singapore, 26 May 2015 – 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”), Industrial and Commercial Electronics (“ICE”) sectors, today announced its net profit attributable to shareholders increased by 0.9% to HK\$149.2 million for the financial year ended 31 March 2015 (“FY2015”).

Mr Ricky Tse Chong Hing (“谢创兴”), Chairman and Managing Director of Valuetronics commented: ***“Our strategy of steadily growing our ICE portfolio over the past few years has helped us to counterbalance fluctuations in the CE segment. We will continue to acquire new ICE customers for value, while also identifying other CE customers to strengthen our presence in this segment .”***

Dividend

The Board is recommending a Final Dividend of 16 HK cents per share and a Special Dividend of 4 HK cents per share for FY2015, both of which are subject to shareholders' approval at the Annual General Meeting to be convened. In aggregate, the Final and Special dividends amount to approximately 50% of the net profit attributable to shareholders for FY2015.

FY2015 Financial Highlights

	Year ended 31 March		
HK\$'M	FY2015	FY2014	% Change
Revenue	2,429.3	2,433.3	(0.2)
Gross Profit	331.4	326.8	1.4
Net Profit attributable to shareholders	149.2	147.9	0.9

The Group's revenue decreased by 0.2% to HK\$2,429.3 million in FY2015 from HK\$2,433.3 million in FY2014, due to the slowdown in demand from their CE customers, especially in the LED lighting business. This was offset by an increase in demand from the Group's existing ICE customer portfolio and new customers.

Segmental Revenue			
HK\$'M	FY2015	FY2014	% Change
Consumer Electronics	1,473.0	1,653.3	(10.9)
Industrial & Commercial Electronics	956.3	780.0	22.6
Total	2,429.3	2,433.3	(0.2)

Revenue contributed by the Group's CE segment decreased by 10.9% to HK\$1,473.0 million in FY2015 from HK\$1,653.3 in corresponding year ("FY2014"), whereas revenue from ICE increased by 22.6% to HK\$956.3 million in FY2015 from HK\$780.0 million in FY2014.

The Group's gross profit increased by 1.4% to HK\$331.4 million in FY2015 from HK\$326.8 million in FY2014, while gross profit margin improved from 13.4% in FY2014 to 13.6% in FY2015. This was mainly due to the change in product sales mix during the year.

All in all, net profit attributable to shareholders for FY2015 increased by 0.9% to HK\$149.2 million from HK\$147.9 million for FY2014.

The Group's selling and distribution costs decreased by 10.7% to HK\$34.7 million in FY2015 as there was a stricter control in marketing expenses. As for the Group's administrative expenses, there was an increase of 11.2% to HK\$144.7 million in FY2015 due to the increase in PRC staff costs.

Healthy Financial Position

As at 31 March 2015, the Group has zero bank borrowings similar to previous years. Cash and cash equivalents held by the Group stood at HK\$505.8 million as at 31 March 2015 compared to HK\$477.9 million as at 31 March 2014. The Group's total assets grew to HK\$1,522.7 million in FY2015 as compared to HK\$1,421.5 million in FY2014. Shareholders' funds were recorded at HK\$808.5 million in FY2015 compared to HK\$726.6 million in FY2014.

Business Outlook

In FY2015, Valuetronics continued to benefit from the strong performance in ICE segment, which mitigated the slowdown in its CE segment due to challenging business conditions for CE products. The Group's net profit margin remained stable despite rising cost pressures in the PRC and working capital remained healthy with operating activities generating a positive operating cash flow.

The ICE segment delivered a third consecutive year of growth with a strong 20% revenue growth in FY2015. The Group continued to benefit from solid demand from its existing ICE customer portfolio as well as contributions from newly added customers. This creditable performance reflected Valuetronics' capability of providing design and engineering support

services. With a widened customer base and opportunities in the pipeline, the Group is well positioned to take advantage of growth in this segment over the medium term.

Customers in CE segment continued their aggressive pricing strategies for mass market products and this is likely to continue, especially for LED lighting products. The extent of price reduction expected by some CE customers on the Group may erode its efforts on cost controls, improved operational efficiency and supply chain productivity and will eventually affect margins. However, Valuetronics will continue to leverage its integrated and scalable manufacturing capability, as well as expertise in LED lighting and home appliance products to strengthen its presence in the CE segment and hence, better manage its past dependence on LED lighting products. On the cost side, the Group foresees a continued increase in wages and staff related cost in PRC going forward. Nevertheless, it will continue its efforts to manage cost, increase productivity and efficiency improvement.

Barring unforeseen circumstances, the directors expect the Group to remain profitable in the coming year.

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>

**Issued for and on behalf of Valuetronics Holdings Limited by Cogent Communications Pte Ltd.
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