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Media Release

Valuetronics' Q3FY2015 net profit up 10.3% to hit HK\$39.2 million

- Strong growth in the Industrial and Commercial Electronics segment with increases in demand from existing customers and a new customer
- Consumer Electronics revenue saw a slight dip of 6.4% due to the slowdown in demand from our Consumer Electronics customer in the LED lighting business
- Gross profit margins improved to 14.0% for the quarter and remained stable at 13.3% for the nine months

Singapore, 10 February 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”) and Industrial and Commercial Electronics (“ICE”) sectors, today announced that its net profit for the three months ended 31 December 2014 (“Q3FY2015”) reached HK\$39.2 million, which was a 10.3% increase from the previous corresponding quarter (“Q3FY2014”).

Mr Ricky Tse Chong Hing (“谢创兴”), Chairman and Managing Director of Valuetronics commented: ***“The aggressive pricing strategies of LED lighting customers introducing lower priced products will continue to have an effect on our Consumer Electronics (“CE”) segment and such challenges are part and parcel of our business. As we continue to manage our reliance on the CE segment, we are benefitting from the strong growth from our Industrial and Commercial Electronics customers and will continue our efforts to build up this segment.”***

Q3FY2015 Financial Highlights

HK\$'M	3 months ended 31 December			9 months ended 31 December		
	Q3FY2015	Q3FY2014	% Change	9MFY2015	9MFY2014	% Change
Revenue	596.2	576.8	3.4	1,850.5	1,820.1	1.7
Gross Profit	83.7	78.4	6.8	246.0	241.2	2.0
Net Profit attributable to shareholders	39.2	35.5	10.3	109.4	108.4	0.9

The Group's revenue increased by 3.4% from HK\$576.8 million in Q3FY2014 to HK\$596.2 million in Q3FY2015, mainly due to the increase in demand from some of its existing ICE customers and contribution from a new ICE customer. For the nine months ended 31 December 2014 ("9MFY2015"), revenue increased by 1.7% to HK\$1,850.5 million from HK\$1,820.1 million in the previous corresponding period ("9MFY2014").

Segmental Revenue						
HK\$'M	Q3FY2015	Q3FY2014	% Change	9MFY2015	9MFY2014	% Change
Consumer Electronics	361.2	385.7	(6.4)	1,148.2	1,270.7	(9.6)
Industrial & Commercial Electronics	235.0	191.1	23.0	702.3	549.4	27.8
Total	596.2	576.8	3.4	1,850.5	1,820.1	1.7

In Q3FY2015, CE revenue decreased by 6.4% to HK\$361.2 million from HK\$385.7 million in Q3FY2014 mainly due to the slowdown in demand from some of the Group's CE customers, whereas ICE revenue increased by 23.0% to HK\$235.0 million in Q3FY2015 from HK\$191.1 million in Q3FY2014 mainly due to the increase in demand from some of the Group's existing ICE customers and contribution from a new ICE customer. On a nine-month basis, CE revenue decreased by 9.6% to HK\$1,148.2 million from HK\$1,270.7 million, whereas ICE revenue increased by 27.8% to HK\$702.3 million from HK\$549.4 million.

The Group's gross profit for Q3FY2015 increased by 6.8% to HK\$83.7 million from HK\$78.4 million in Q3FY2014, and gross profit margin improved from 13.6% to 14.0%. The change in gross profit margin was a result of the change in the product sales mix during the period reviewed. For 9MFY2015, gross profit increased by 2.0% to HK\$246.0 million from HK\$241.2 million in 9MFY2014, while gross profit margin remained stable at 13.3%.

Selling and distribution costs were HK\$8.6 million in Q3FY2015 while on a nine-month basis, the selling and distribution costs decreased by 8.7% to HK\$28.2 million, mainly due to tighter controls in marketing expenses. Administrative expenses increased by 9.8% to HK\$35.3 million in Q3FY2015 and by 13.5% to HK\$105.4 million for 9MFY2015 mainly due to an increase in PRC staff costs.

Net profit attributable to shareholders for Q3FY2015 grew by 10.3% to HK\$39.2 million from HK\$35.5 million in Q3FY2014. For 9MFY2015, net profit attributable to shareholders reached HK\$109.4 million, a 0.9% increase from HK\$108.4 million in 9MFY2014.

As at 31 December 2014, Valuetronics had a net asset value per share of HK205.5 cents (31 March 2014: HK197.2 cents), total assets of HK\$1,584.2 million (31 March 2014: HK\$1,421.5 million), cash and cash equivalents of HK\$509.7 million (31 March 2014: HK\$477.9 million), and shareholders' funds of HK\$769.9 million (31 March 2014: HK\$726.6 million) with zero debt.

Business Outlook

Despite the challenging business conditions in the LED lighting business within the CE segment, the Group achieved 10.3% growth in profit for Q3 FY2015. As a consequence, the Group posted comparable results for the 9 months FY2015 versus the 9 months FY2014.

Customers in the CE segment continued their aggressive pricing strategies by introducing lower priced products and this trend is likely to remain for the near future. Meanwhile, the Group

continued to benefit from the strong growth in its ICE portfolio. Furthermore, with one of the newly added ICE customers continuing their supplier consolidation program, there is scope for further opportunities for the Group.

To mitigate margin erosion in the CE segment from further affecting the Group's overall financial performance, Valuetronics will stay alert amidst fast changing trends and proactively manage the reliance on this segment. As a Group, Valuetronics will continue to remain vigilant in monitoring market developments and continue its efforts to improve its fundamentals, which includes its design and development capabilities, production efficiencies and inventory management.

Barring unforeseen circumstances the directors expect the Group to remain profitable for the financial year ending 31 March 2015.

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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