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Media Release

Valuetronics' Q1FY2015 net profit up 1.8% to reach HK\$33.9 million

Singapore, 12 August 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 Electronics (“CE”) and Industrial and Commercial Electronics (“ICE”) sectors today announced that its net profit for the three months ended 30 June 2014 (“Q1FY2015”) increased by 1.8% to HK\$33.9 million.

Mr Ricky Tse Chong Hing (“谢创兴”), Chairman and Managing Director of Valuetronics commented: *“I am pleased with the increased revenue for this first quarter despite the slowdown in demand from some of our CE customers. Our push to broaden business developments in ICE segment to balance fluctuations in the demand of CE customers has paid off as seen in the increase in ICE revenue.”*

Q1FY2015 Financial Highlights

	3 months ended 30 June		
HK\$'M	Q1FY2015	Q1FY2014	% Change
Revenue	626.6	611.2	2.5
Gross Profit	80.3	78.9	1.8
Gross Profit Margin	12.8%	12.9%	-0.1 % pt
Profit for the Period	33.9	33.3	1.8

The Group's revenue for Q1FY2015 increased by 2.5% or HK\$15.4 million from HK\$611.2 million for the three months ended 30 June 2013 ("Q1FY2014") to HK\$626.6 million in Q1FY2015, mainly due to the growth from the ICE segment.

Segmental Revenue			
HK\$'M	Q1FY2015	Q1FY2014	% Change
Consumer Electronics	383.9	433.3	(11.4)
Industrial & Commercial Electronics	242.7	177.9	36.4
Total	626.6	611.2	2.5

In Q1FY2015, ICE segmental revenue increased by 36.4% to HK\$242.7 million from HK\$177.9 million in Q1FY2014. CE segmental revenue decreased from HK\$433.3 million in Q1FY2014 to HK\$383.9 million in Q1FY2015 due to the slowdown in demand from some of the CE customers.

The Group's gross profit for Q1FY2015 increased by 1.8% to HK\$80.3 million from HK\$78.9 million in Q1FY2014, while its gross profit margin remained stable at 12.8%.

Selling and distribution costs decreased by 24.1% to HK\$8.8 million for Q1FY2015 mainly due to stricter control in marketing expenses. Administrative expenses increased by 14.2% to HK\$34.2 million in Q1FY2015 mainly due to the increase in salaries for the Group's employees and repair and maintenance expenses incurred during the period under review.

As a result of the above, net profit for Q1FY2015 grew by 1.8% to HK\$33.9 million from HK\$33.3 million in Q1FY2014.

As at 30 June 2014, Valuetronics has a net asset value per share of HK205.4 cents (31 March 2014: HK197.2 cents), total assets of HK\$1,605.9 million (31 March 2014: HK\$1,421.5 million) and shareholders' funds of HK\$757.9 million (31 March 2014: HK\$726.6 million). The Group had cash and cash equivalents of HK\$441.0 million (31 March 2014: HK\$477.9 million) due to an increase in working capital and continues to have zero debt as at 30 June 2014.

Business Outlook

During Q1FY2015 the Group continued to benefit from the strong demand and growth in the ICE segment and expects this to continue in the next quarter due to the visibility of customer demand. In addition, the Group has secured a new customer in the ICE segment and shipment to this customer has commenced in Q1FY2015.

In Q1FY2015, business conditions for the CE segment were challenging and will remain so. The current uncertainties in the broader China economy have weakened demand and the Group also sees margin erosion as customers adopt more aggressive pricing strategies in introducing mass market products. While the Group is working to maintain margins through greater operational efficiency and supply chain productivity, there are limits to cost savings through in-house productivity improvements. Also, operational challenges in the PRC, such as inflation, cost pressures, higher labour costs and RMB appreciation are expected to continue and cannot be fully offset by productivity gains.

In view of volatility in the CE segment, the Group will continue to aggressively market to potential ICE customers and will focus its resources to expand this segment and improve its overall profitability.

Barring unforeseen circumstances, the directors expect the Group to remain profitable for the financial year ended 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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