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Media Release – Valuetronics' Q1FY2014 net profit up 29.3% to HK$33.3 million * Financial Statement And Related Announcement

* Asterisks denote mandatory information

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Announcement is submitted with respect to *	VALUETRONICS HOLDINGS LIMITED
Announcement is submitted by *	Tse Chong Hing
Designation *	Chairman & Managing Director
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>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	30-06-2013

Description	Please see attached.

Attachments

VHL-Q1FY2014-MediaRelease.pdf
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Media Release

Valuetronics' Q1FY2014 net profit up 29.3% to HK$33.3 million

- **Gross profit increased by 6.6% to HK$78.9 million**
- **Improved gross and net profit margins from continuing operations: Gross margin up 110bps to 12.9%; net profit margin up 20bps to 5.4%**

Singapore, 13 August 2013 – 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 30 June 2013 ("Q1FY2014") increased by 29.3% to HK$33.3 million due to improved margins and the termination of its loss-making Licensing business.

Q1FY2014 Results Highlights			
HK$'M	**Q1FY2014**	**Q1FY2013**	**% Change**
Continuing Operations			
Revenue	611.2	627.5	-2.6
Gross Profit	78.9	73.9	6.6
Profit for the period	33.3	32.5	2.5
Discontinued Operations			
Loss for the period	-	(6.8)	N/A
Net Profit	33.3	25.7	29.3

Revenue decreased by 2.6% from HK$627.5 million for the three months ended 30 June 2012 ("Q1FY2013") to HK$611.2 million for Q1FY2014, due to a decrease in revenue contribution from some of the Group's Consumer Electronics ("CE") customers. The decrease however, was compensated by an increase in revenue contribution from some of its Industrial and Commercial Electronics ("ICE") customers.

Segmental Revenue from Continuing Operations			
HK$'M	**Q1FY2014**	**Q1FY2013**	**% change**
Consumer Electronics	433.3	478.9	-9.5
Industrial and Commercial Electronics	177.9	148.6	19.7
Total	611.2	627.5	-2.6

CE revenue decreased by 9.5% from HK$478.9 million in Q1FY2013 to HK$433.3 million in Q1FY2014, mainly contributed by the change in sales mix from some of CE customers. On the other hand, ICE revenue increased by 19.7% to HK$177.9 million in Q1FY2014 from HK$148.6 million in Q1FY2013 due to an increase in demand from some of the ICE customers.

Gross profit increased by 6.6% to HK$78.9 million in Q1FY2014 from HK$73.9 million in Q1FY2013, while the gross profit margin improved from 11.8% to 12.9% due to the change in product mix during the period.

Mr Ricky Tse Chong Hing ("谢创兴"), Chairman and Managing Director commented: ***"During this quarter, we experienced signs of recovery in demand and orders from both Consumer Electronics ("CE") and Industrial and Commercial Electronics ("ICE") customers when compared to the second half of last financial year. We have correspondingly increased our production capacity to deal with the recovery in orders from CE segment. We expect the successful transfers of production from two of our ICE customers to our facilities and the introduction of new features to our medical equipment by our customer to further enhance our product portfolio. We expect all these factors to increase the sales contributions from the ICE segment."***

Financial Position

The Group has been managing its working capital, which is the sum of trade receivables and inventories and deduction of trade payables. It decreased from HK$418.0 million as at 31 March 2013 to HK$306.4 million as at 30 June 2013. The Group's total assets and shareholders' funds as at 30 June 2013 amounted to HK$1,492.8 million and HK$629.4 million respectively.

In view of the growth of the business during the period, the Group's trade receivables increased by HK$125.5 million from HK$481.5 million as at 31 March 2013 to HK$607.0 million as at 30 June 2013. Trade payables also increased by HK$317.0 million from HK$241.4 million as at 31 March 2013 to HK$558.4 million as at 30 June 2013. These increases are in line with, and are a result of, changes in the sales mix for the period under review.

As at 30 June 2013, the Group has no bank borrowings, and has cash and cash equivalents of HK$396.2 million compared to HK$221.6 million as at 31 March 2013, due to better working capital management.

Business Outlook

The Group experienced signs of a recovery in demand and orders from both its CE and ICE customers compared to the second half of last year.

In the CE segment, the Group has increased its production capacity to deal with the recovery in orders and are prepared to co-develop a semi-auto assembly line with one of its customers for its entry to mass market segment. The Group has also continued to benefit from the growth from some of its major ICE customers. The Group's product portfolio and growth in this sector has also been further enhanced by the transfer of production facilities from an existing customer as well as a new customer, to the Group.

Additionally, the Group's medical equipment business has also benefitted from a widening of product portfolio with the addition of new features by the customer during the period. Even though initial revenue contribution is low, such enrichment and expansion of the product portfolio reaffirms the technical expertise of the Group, and also an important progress in the cooperation between the Group and its medical equipment customer.

The Group's Licensing business was terminated in August 2012 and all the relevant costs to fulfill obligations after termination of the Licensing business was accounted for in the previous financial year. The Group has not incurred any additional expenses related to the Licensing business during the period under review and does not expect to incur any further expenses for the rest of the financial year ending 31 March 2014 ("FY2014").

The Group will continue to remain vigilant in monitoring developments and will continue with their efforts in improving its fundamentals, namely, design and development capabilities, production efficiencies and inventory management.

However, the uncertainties in the global economy and the recurring operational challenges, including costs and wage pressures in the PRC, are expected to continue. Business conditions will remain challenging in FY2014. Notwithstanding these challenges, the directors expect the Group to remain profitable.

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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