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## **Media Release**

**(For Immediate Release)**

# **VALUETRONICS REPORTS STEADY BOTTOMLINE GROWTH OF 13% TO HK\$20 MILLION IN 1Q08**

<b>Financial Highlights (HK\$ 'm)</b>	<b>3 Months ended 31 March</b>		
	<b>1Q08</b>	<b>1Q07</b>	<b>% Change</b>
<b>Revenue</b>	<b>186.3</b>	<b>167.2</b>	<b>11.4</b>
<b>Gross Profit</b>	<b>40.2</b>	<b>37.8</b>	<b>6.5</b>
<b>Net Profit</b>	<b>20.0</b>	<b>17.7</b>	<b>13.0</b>

**Singapore, 8 August 2007** - Mainboard listed Valuetronics Holdings Limited (“Valuetronics”, “鸿通电子控股有限公司” or the “Group”), an Electronics Manufacturing Services provider today reported a healthy net profit after tax growth of 13% to HK\$20 million in the first quarter of FY2008 (“1Q08”). This was an increase of HK\$2.3 million compared to first quarter of FY2007 (“1Q07”), and is in tandem with the overall revenue growth for the Group.

Reflecting the increase in revenue from its Original Equipment Manufacturing (“OEM”) segment, the Group’s revenue rose 11.4% from HK\$167.2 million in 1Q07 compared to HK\$186.7 million in 1Q08. Conversely, the growth in the OEM segment was partially offset by a slight dip in the Original Design Manufacturing (“ODM”) segment.

Backed by the strong underlying demand from a newly acquired customer and one of our major customers who launched new products, revenue from the OEM segment rose 23.7% to HK\$135.3 million as compared to HK\$109.4 million in the previous corresponding period. Revenue from the ODM segment diminished 11.8% to HK\$51 million in 1Q08 against HK\$57.8 million in 1Q07, due to recent shift in one of the major consumer electronics customers' sales composition. Nonetheless, this was moderated by the commencement of shipment of newly-developed range of portable battery chargers for one of the leading international brand of rechargeable batteries as well as continuous strong shipments of products newly launched last year to a major customer.

Commenting on the Group's financial performance, Mr Tse Chong Hing, Chairman and Managing Director of Valuetronics said, *"I am pleased to announce the Group's unfaltering performance for the first quarter of FY2008. Amidst the shift in our existing customers' sales composition, we are able to maintain a healthy revenue growth from newly acquired customers, and also new products co-developed with our existing customers."*

Gross profit grew 6.5% to HK\$40.2 million for 1Q08 against HK\$37.8 million due to the natural occurrence of higher sales recorded during the same period a year ago. As a result of the changes in sales mix, overall gross margins dipped slightly by 1% from 22.6% in 1Q07 to 21.6% in 1Q08.

The Group's other income jumped 45.6% to HK\$2.8 million as a result of an exchange gain of approximately HK\$1 million on IPO proceeds, during the period. In proportion to the higher sales recorded for the current period, selling and distribution costs, which comprises of sales commission paid to sales representatives increased by 21.7% to HK\$4.6 million.

The Group's inventory balance saw a sequential increase of HK\$21.7 million from HK\$69.2 million as at 31 March 2007 to HK\$ 90.9 million as at 30 June 2007, due to higher levels of raw materials and work in progress in line with customers' increase in demand for the second quarter of FY2008.

Cash and cash equivalents stood at HK\$180.5 million as at 30 June 2007 with an increase of HK\$3.9 million. Net cash generated from operating activities amounted to HK\$14.3 million. These were partially offset by net cash outflow from investing activities amounting to HK\$10.4 million mainly for construction and purchase of machinery and equipment.

### **Going Forward**

Known for its rapid technological changes, the electronics industry is one of the fastest growing sectors in the world. As electronic products become more advance and increasingly more sophisticated, our customers face the need to develop products and bring them to market at the fastest possible time.

*“Bearing our proactive philosophy in mind, our proven track record for our OEM services enables us to cross-sell our ODM services by constantly offering design solutions to our customers. This provides the opportunity to continually cultivate solid and in-depth relationships with our customers and at the same time, maintaining our gross margins,”* Mr Tse added.

With increasing market demands in Valuetronics' customers, the Group is thus correspondingly poised for greater growth. While strengthening its foothold in the wide spectrum of industries it currently serves, the Group has also had initial dialogue with potential medical devices companies since the attainment of its ISO13485 certification.

Despite being in the competitive and demanding industry, the Group is committed to growing its customer base while improving its cost effectiveness and operational efficiency with careful and stringent control over raw material costs.

Provenance Capital Pte. Ltd. was the Issue Manager of the Initial Public Offering of Valuetronics Holdings Limited.

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***About Valuetronics Holdings Limited***

*Valuetronics is an integrated electronics manufacturing services (“EMS”) provider with principal activities ranging from Original Equipment Manufacturing (“OEM”) and Original Design Manufacturing (“ODM”). The Group’s customer base is predominantly in the telecommunications, industrial and commercial electronics products and consumer electronic products industries which spans across a wide geographical region that covers America, Europe and Asia Pacific region. The Group’s customers include OEMs and ODMs as well as international brand owners such as, “DYMO”, “TRANSACT”, “GRACO”, “HID”, “HONEYWELL”, “KAZ”, “KITCHENAID”, “NTT” and “PHILIPS”. Headquartered in Hong Kong, the Group’s manufacturing facility is located in Danshui Town, Huiyang District, Huizhou City, Guangdong Province, PRC.*

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

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