



Valuetronics Holdings Limited  
Unit 9-11, 7/F, Technology Park  
No. 18 On Lai Street  
Shatin, New Territories  
Hong Kong  
Tel: (852) 2790 8278  
Fax: (852) 2304 1851  
www.valuetronics.com.hk

## **Media Release**

**(For Immediate Release)**

# **VALUETRONICS REGISTERS NET EARNINGS GROWTH OF 34.2% TO HK\$29.2MILLION IN 2QFY08**

- *Strong earnings growth comes on the back of a 27.8% rise in revenue for latest quarter to HK\$ 253.5 million from HK\$198.3 million in the same period a year ago.*
- *Higher sales contribution from leading brands such as DYMO, PHILIPS, GRACO and TRANSACT boosted Group revenue in quarter under review.*
- *Group gross margin for second quarter FY2008 edged up to 20.9% from 19.4% in the same quarter a year ago.*

Financial Highlights (in HK\$'M)	3 months ended 30 Sept 2007			6 months ended 30 Sept 2007		
	2Q08	2Q07	% Change	1H08	1H07	% Change
Turnover	253.5	198.3	27.8	439.8	365.5	20.3
Gross Profit	53.1	38.5	37.7	93.3	76.3	22.2
Net Profit	29.2	21.8	34.2	49.2	39.5	24.7

**Singapore, 13 November 2007** - Mainboard listed Valuetronics Holdings Limited (“Valuetronics”, “鸿通电子控股有限公司” or the “Group”), a premier design and manufacturing partner for the world’s leading brands in the consumer and industrial

electronics sector, today announced a strong net profit after tax growth of 34.2% to HK\$ 29.2m in the second quarter of FY2008 (“2QFY08”).

Boosted by strong sales contributions from DYMO, PHILIPS, GRACO and, recently acquired customer, TRANSACT, the Group’s overall revenue for 2QFY08 rose 27.8% to HK\$253.5m, compared to HK\$198.3m registered in the second quarter of FY2007 (“2QFY07”).

Contributing to this quarter’s performance was the increased revenue streams from the Group’s existing major customers. Under the OEM segment, new customer and products under the PHILIPS Group, strong underlying demand from DYMO and TRANSACT had translated into a robust growth of 27.0% to HK\$184.1m against HK\$145m in the previous corresponding period.

Revenue for ODM in 2QFY08 jumped 30.2% to HK\$69.4 million from HK\$53.3 in 2QFY07, on the back of a healthy growth in orders from Graco’s baby monitor and Energizer’s portable battery chargers.

Commenting on the Group’s strong performance, Mr Tse Chong Hing, Chairman and Managing Director of Valuetronics remarked, ***“This strong set of result is testament to our continued focus on building up a customer base comprising leading global brands. PHILIPS, DYMO and TRANSACT are leaders in their respective product categories and their orders to Valuetronics have grown significantly. We are pleased to have their support because they recognize us as a proactive partner who offers strong value propositions – from generating innovative products and design enhancements, bringing them through product development, prototyping, and ultimately to full manufacturing.”***

The Group’s boost in sales contribution from existing and recently acquired customers translated a 37.7% hike in gross profit to HK\$53.1m for 2Q08 compared to HK\$38.5m in the same period last year. Consequently, overall gross margins for the period improved by 1.5% to 20.9%.

In line with the increase in the Group's overall revenue, selling and distribution costs for the current period, which comprises sales commission paid to sales representatives increased by 20.1% to HK\$5.2m. The balance sheet was strengthened by the operating cash flows of HK\$25.8m during the first six months of the year where the Group had total net cash of HK\$157.9m.

### **Going Forward**

In view of recent concerns over the US subprime mortgage crisis and its impact on US consumer demand, the Directors still believe that the Group will be able to weather any potential downturn well.

***“Our customers, such as TRANSACT and PHILIPS, are global brand names and leaders in their respective industry segments. Their products are distributed into different markets worldwide and therefore they are not over exposed to down turn in any one market”*** Mr Tse remarked.

To ensure it maintains its competitive edge, the Group intends to continue focusing on acquiring top tier customers who are leaders in their industry segments.

As the Group had successfully attained the ISO13485 certification in April 2007, it had been exploring entry into medical device manufacturing. This will add to its current customer sectors which are consumer electronics, industrial electronics and telecommunications. As longer gestation time is needed for the Group to be qualified as an approved supplier in medical device manufacturing, future announcement would be made should manufacturing contracts materialise from these initial exploratory efforts.

The Group highlighted that a new labour law enacted in the People's Republic of China (“PRC”) is likely to affect the Group's payroll cost. From 1 January 2008, every employee who has served more than 12 months will receive a mandatory extra one month pay, termed as economic benefit. This is part of the PRC government's drive to improve labour conditions.

The Group's PRC payroll cost is currently less than 5 percent of its total sales. Nonetheless, the Group will continually drive efficiency and raise productivity in order to counter the impact of this new policy.

Most of the Group's revenues, purchases and operating expenses are denominated in US or HK dollars. Given that the HK dollar is officially pegged to the US dollar, the Group does not see significant foreign exchange exposure arising from operations.

Despite being in the competitive industry, the Group will continue to grow 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.

- End -

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

**Tel: (65) 6323-1060, Fax: (65) 6222-1210**

**Ms Celine Ooi, [celine@coagentcomms.com](mailto:celine@coagentcomms.com) (DID: 6323 1193)**

**Mr Roger Poh, [roger@coagentcomms.com](mailto:roger@coagentcomms.com) (DID: 6323 3178)**

#### ***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.*