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PRESS RELEASE - VALUETRONICS' 2Q FY2011 NET PROFIT SOARS 82.9% TO HK$32.7 MILLION * Financial Statement And Related Announcement

* Asterisks denote mandatory information

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Announcement is submitted by *	Tse Chong Hing
Designation *	Chairman & Managing Director
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>> Announcement Details

The details of the announcement start here ...

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Description	PLEASE SEE ATTACHED

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Media Release - For Immediate Release

Valuetronics' 2Q FY2011 Net Profit soars 82.9% to HK$32.7 million

- **Half year net profit rose 164.7% to HK$61.6 million**

Singapore, 12 November 2010 - 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, manufacturing partner for the world's leading brands in the consumer, commercial and industrial electronics sectors and a licensee of Whirlpool brands for home comfort appliances, today announced excellent financial results for its second quarter and six months ended 30 September 2010 ("2Q FY2011" and "1H FY2011" respectively).

Commenting on the results, Mr Ricky Tse Chong Hing ("谢创兴"), Chairman and Managing Director remarked, ***"I am happy to report another quarter of outstanding performance, as demonstrated by our strong sales and earnings growth. We see a strengthening of our competitive positioning across all our businesses. While customers' orders have resumed to pre-crisis levels, they have also started launching new products since early 2010. In addition, we are preparing to ship ODM products to a new customer."***

Financial Highlights

Financial Highlights (HK$'M)	3 Months ended 30 September			6 Months ended 30 September		
	2QFY2011	2QFY2010	% Change	1HFY2011	1HFY2010	% Change
Turnover	518.9	318.9	62.7	914.0	537.5	70.0
Gross Profit	76.2	47.0	62.2	142.2	83.0	71.3
Net Profit	32.7	17.9	82.9	61.6	23.3	164.7

The Group experienced strong sales growth in 1H FY2011 as customers' orders picked up and this was reflected in the Group's revenue, which surged 70.0% to HK$914.0 million from HK$537.5 million in the same period last year ("1H FY2010").

Business activities from key customers continued to flourish and just in 2Q FY2011 alone, revenue was up 62.7% to HK$518.9 million from HK$318.9 million in the second quarter ended 30 September 2009 ("2Q FY2010").

Segmental Revenue				
HK$'M	2QFY2011	2QFY2010	1HFY2011	1HFY2010
OEM	427.6	239.8	754.2	410.6
ODM	85.1	79.1	149.6	126.9

Both OEM and ODM businesses saw strong sales growth, which is in tandem with the higher sales achieved. The OEM segment continued to grow significantly, boosted by the increased demand from a number of major customers, of which, more orders were made in line to meet with their respective expansion strategies. On the ODM front, sales rose steadily with additional sales and growing orders from major customers.

As for the Group's recently established Licensing business, the sales of its portable air purifier product, which commenced in the last quarter, contributed HK$6.2 million in revenue for 2Q FY2011.

Valuetronics' gross profit rose 71.3% to HK$142.2 million in 1H FY2011 from HK$83.0 million in 1H FY2010, while gross profit margin remained at a comparable level of 15.6% for the period under review. For 2Q FY2011, the Group's gross profit margins remained stable at 14.7% with a gross profit of HK$76.2 million, an increase of 62.2% from HK$47.0 million in 2Q FY2010. This was attributable to the similar product sales mix achieved and relatively stable raw material costs.

In 1H FY2011, the Group's other income jumped 141.1% to HK$5.9 million mainly due to the increase in tooling income and a gain on disposal of fully depreciated machineries, in addition to the net exchange gains for the period.

As ongoing marketing is key to capture new sales opportunities, selling and distribution costs increased by 46.2% in 2Q FY2011, due to increases in the salaries and allowances for marketing staff and sales commissions payable to sales representatives. These increases are in line with the higher revenue and headcount. Accordingly in 1H FY2011, the Group's selling and distribution costs rose 65.3% to HK$31.9 million from HK$19.3 million in 1H FY2010.

As a result of the above, profit after tax for 2Q FY2011 rose 82.9% to HK$32.7 million from HK$17.9 million in 2Q FY2010 and on a six-month basis, surged 164.7% to HK$61.6 million in 1H FY2011 from HK$23.3 million in 1H FY2010.

Financial Position

The Group's inventories balance increased to HK$274.3 million as at 30 September 2010 from HK$129.9 million as at 31 March 2010. Inventory level for the period continued to rise in line with the growth in customers' orders along with the buffer inventory holding requirements by certain major customers.

Along with the significant sales growth from a number of major blue chip customers, who were granted longer credit terms than other customers, the Group's trade receivables increased to HK$486.9 million as at 30 September 2010 from HK$273.7 million as at 31 March 2010.

Additionally, the Group's trade payables as at 30 September 2010 increased to HK$411.7 million as at 30 September 2010 from HK$229.8 million as at 31 March 2010. The increase was driven by the overall growth in purchase to meet the demand for higher sales orders during the period. Cash and cash equivalents held by the Group stood at HK$51.6 million as at 30 September 2010 as compared to HK$139.9 million as at 31 March 2010.

Business Outlook

Notwithstanding the concerns raised at the recent G20 meeting, the Group continues to expect the world market conditions and global economy in the second half of FY2011 to remain relatively stable.

Ongoing Cost Management

The operational challenges narrated in the Group's 1Q FY2011 announcement, which included increase in raw materials prices and pricing pressure, appreciation in foreign currencies, such as Renminbi and Japanese Yen, and higher labour costs, will continue to prevail.

As such, the Group will continue its practice of remaining cautious and prudent in monitoring and responding to market developments, while continually strengthen its business and financial fundamentals. This includes enhancements in technical capabilities and improvements in production efficiency using automated and lean manufacturing processes, coupled with active inventory management and tight credit controls.

Licensing Business Segment

"Since the conclusion of the first Licensing Agreement in March, we have recorded sales of HK$10.2 million from licensed air purifiers for the first half of this financial year. This is within our expectations as it is a new business segment and traction is being gained with respect to major US retail channels," commented Mr Tse.

In September, Valuetronics announced the addition of portable electric fans and portable electric heaters to its existing licensed product portfolio, which will allow the Group to enhance its footprint and brand equity in major US retailers. Despite the slow pace of recovery in the US economy, the Group expects the Licensing business to bring in additional contributions for the rest of the year.

Barring unforeseen circumstances, the Group expects its FY2011 performance to be better than FY2010.

Planning Ahead

The Group announced on 3 November 2010 that it has established a wholly foreign owned enterprise in Anhui Province, PRC, which will cooperate with Taihu Xian Vocational Training School to set up a small production facility at the School.

The new production facility is one of the strategic options that the Group is considering to deal with labour supply imbalances and rising labour costs in southern China and will allow Valuetronics to better understand the operating environment in Anhui Province and the types of governmental support available.

"This Anhui production facility will allow us to tap into an abundant pool of semi-skilled labour in Anhui and to also provide mature products to both existing and potential customers that are located outside the southern China region," concluded Mr Tse.

- End -

Issued for and on behalf of Valuetronics Holdings Limited
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About Valuetronics Holdings Limited (www.valuetronics.com.hk)

Valuetronics is a premier design, manufacturing, and licensing 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 such as as "Dymo", "TransAct", "Graco", "Hemisphere", "HID", "KitchenAid", and "Philips". Leveraging on its product design and development capabilities, Valuetronics has also moved into brand management with the exclusive license to use the "Whirlpool", "Maytag" and "Amana" brands for a range of home comfort appliances in the North American market. Headquartered in Hong Kong, the Group's main manufacturing facility is located in Dong Er Road, Western District of Science and Technology Park, Daya Bay Economy and Technology Development District, Huizhou City, Guangdong Province, PRC.