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Media Release

(For Immediate Release)

VALUETRONICS ACHIEVES 22.0% GROWTH IN NET EARNINGS TO HK$90.5M FOR FY2008

- ***Revenue rose 22.1% to HK$884.2 million on the back of increased contributions from major customers and launch of new products in FY2008***
- ***Gross margin improved from 20.2% in FY07 to 20.6% in FY08, driven by the spike in demand from high-mix low-volume industrial customers***
- ***Final dividend of HK$0.078 per ordinary share proposed***
- ***Outlook for FY2009 affected by slowdown in consumer spending in the US but the Group will seek to soften impact by focusing on in-demand products in both its industrial and consumer customer bases***
- ***The Group will continue to drive operational efficiency to mitigate possible rising labour and raw material costs***

Financial Highlights (in HK$'M)	Year ended 31 March		
	FY2008	FY2007	% Change
Turnover	884.2	723.9	22.1
Gross Profit	182.0	146.5	24.3
Net Profit	90.5	74.2	22.0

Singapore, 26 May 2008 - 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 its financial results for the full year ended 31 March 2008 ("FY2008"). The Group registered firm net profit after tax growth of 22.0% to HK$90.5m, compared to HK$74.2m in the corresponding year before ("FY2007").

Financial Highlights FY2008

Rise in revenue growth was boosted by rising contributions from major customers such as **Philips**, **Graco**, **Hemisphere** and **Transact**. In particular, the Group witnessed strong order flow from its industrial customers, **Hemisphere** and **Transact,** resulting in continue growth in revenue for the three months ended 31 March 2008 ("4Q08"). The Group's overall revenue for FY2008 climbed 22.1% to HK$884.2m, compared to HK$723.9m recorded in the corresponding period last year.

The Group's OEM segment rose to HK$680.5M, a 30% growth from HK$523.5M registered last year. Strong demand from existing customers continued to bode well as the Group witnessed increased sales from existing customer and the commencement of shipping of new product models for **Hemisphere** and **Transact**. The Group also added a new division of the Philips Group to its growing customer base.

The Group's ODM segment inched up by 1.7% to HK$203.7M, compared to HK200.3M last year. Despite the slowdown in the Group's major customer in the household appliances industry, the Group maintained slight growth due to the commencement of shipment of **Graco**'s new baby monitor models and portable battery chargers for private label customers.

Gross profit for FY2008 rose 24.3% from HK$146.5M to HK$182M as compared to the previous corresponding period. The Group's gross margins climbed from 20.2% in FY2007 to 20.6% in FY2008 in tune with the increased in turnover and also mainly due to the spike in demand from high-mix low-volume industrial customer under the OEM segment.

Commenting on the Group's healthy overall performance, Mr Ricky Tse Chong Hing, Chairman and Managing Director of Valuetronics commented, ***"This is our first full year operating as a listed company and I am encouraged by our steady growth, even as some indicators pointed to a slowdown in consumer demand in the US market. I am optimistic that we have the right approach to maintain the momentum by partnering with our customers through collaborative design and development. Aside from strong financial indicators, our growing diversity of customers and launching of product lines in FY2008 bodes well for the future."***

In line with growth in both turnover and gross profit, profit before taxation as at end of 31 March 2008 grew 17.4% to HK$100.3M even with increases in selling and distribution costs and administrative expenses. The Group's profit after tax grew to HK$90.5M, or earnings per share of HK25.5 cents.

Financial Position

The Group's non-current asset rose in line with the Group's intended move to expand its production facilities at its new Daya Bay factory. Prepaid land lease and land use rights amounted to HK$24.0m, while property, plant and equipment rose by HK$58.4M due to purchases of plant and machinery and the construction-in-progress of the new premises.

Key balance sheet items remained firm, despite the strong growth in turnover and purchases on a year-on-year basis. Trade receivables rose marginally by HK$4.0M from HK$131.6M to HK$135.6M, while payables stood at HK$120.6M for both periods under review. Inventory balance increased by HK$41.2M from HK$69.2M to HK$110.4M, as the Group built up buffered stock in anticipation of moving of certain production lines to its new premises in Daya Bay.

"Financially, we are in a strong position with positive cash generation, despite the heavy investments we had been making for the new factory at Daya Bay. We expect the transition to the new factory to be smooth. For more than a year now, we had been making contingency plans to avoid disruption to customer delivery" Mr Tse added.

The Group's balance sheet is strong with healthy cash and bank balances of HK$181.7M as at 31 March 2008 compared to HK$176.6M at 31 March 2007. The Group's net asset value per ordinary share increased to HK$0.838 for FY2008 from HK$0.629 last year. In view of the Group's good performance, the Board has declared a final dividend of HK$0.078 per ordinary share.

Going Forward

Some indicators have shown that the credit crunch resulting from the US subprime mortgage crisis has impacted US consumer spending. The Group anticipates the trend of continued weakening demand in household appliances industry. However, the Group believes it will be able to mitigate some of the negative effects of this slowdown by working proactively with our diversified group of customers to develop more in-demand products across the industrial and consumer segments.

*"**The Board and management will keep a very close watch on key indicators in the coming months. Our close collaboration with customers from design and development to manufacturing cost and quality is the key to our ability to respond to external change. For example, we have started to ship the first of several new products such as an energy saving luminaire to a major customer,**"* Mr Tse remarked.

Domestically, within the PRC, labour costs, material prices and hikes in commodity prices are likely to weigh in on the competitive pressures facing the electronics manufacturing industry. To counter rising costs, the Group will continue to drive efficiency, raise productivity and exercise stringent control over operating costs.

"Cost mitigation is an ongoing drive in our Group. We shall remain vigilant in reducing wastage and enhancing productivity through our manufacturing process and into our supply chain." Mr Tse concluded.

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

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

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About Valuetronics Holdings Limited

Valuetronics is a premier design and manufacturing partner for the world's leading brands in the consumer and industrial electronics sector. 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", "HEMISPHERE", "HID", "HONEYWELL", "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.