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Media Release - For Immediate Release

VALUETRONICS' FY2010 NET PROFIT GREW 10.8% TO HK$58.8 MILLION

- **Proposes final dividend of HK7.0 cents per ordinary share**

Singapore, 18 May 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 and licensing partner for the world's leading brands in the consumer, commercial and industrial electronics sectors, today announced its results for the financial year ending 31 March 2010 ("FY2010") and its Board of Directors have proposed a final dividend of HK7.0 cents.

Commenting on the Group's proposed final dividend, Mr Ricky Tse Chong Hing, Chairman and Managing Director said, ***"The Board of Directors is pleased to maintain its commitment to reward our shareholders with a dividend for four consecutive financial years, in spite of the challenging times, which began in 2008."***

Financial Highlights

Financial Highlights (HK$'M)	3 Months ended 31 December			12 Months ended 31 December		
	4Q FY2010	4Q FY2009	% Change	FY2010	FY2009	% Change
Turnover	307.0	159.3	92.7	1,136.0	960.1	18.3
Gross Profit	50.2	25.1	100.4	177.3	167.5	5.9
Net Profit after Tax	**22.0**	**-2.7**	**-915.5**	**58.8**	**53.1**	**10.8**

In FY2010, the Group's revenue steadily crossed the billion-dollar mark, registering a 18.3% growth from HK$960.1 million in the previous year to HK$1.1 billion. This growth was bolstered by the recent encouraging change in its customers' ordering trend in the fourth quarter ended 31 March 2010 ("4QFY2010") as the world economy gradually eases out from a recession. In addition, the Group recorded a notable jump in revenue of 92.7% from HK$159.3 million for the fourth quarter ended 31 March 2009 ("4QFY2009") to HK$307.0 million in 4QFY2010.

In line with the overall growth in revenue, gross profit for FY2010 grew 5.9% from HK$167.5 million in FY2009 to HK$177.3 million. Comparing quarter on quarter, gross profit doubled from HK$25.1 million in 4QFY2009 to HK$50.2 million in 4QFY2010. As a result of the changes in the product sales mix in FY2010, the Group's gross profit margin receded slightly to 15.6%. However, there was an improvement in gross profit margin on a quarter on quarter basis for 4QFY2010 which rose from 15.7% in 4QFY2009 to 16.4%.

The Group continued to intensify its marketing efforts in FY2010 as seen from the increased marketing spend and sales commissions payable to its sales representatives. These increased marketing efforts helped to boost the overall sales of the Group for the year. However, additional air freight costs was incurred to support the restocking of orders that came with a shorter than usual lead time which started in 2Q FY2010. As a result, the Group's selling and distribution expenses rose 92.2% from HK$22.1 million in FY2009 to HK$42.4 million in FY2010.

Administrative expenses on the other hand, decreased by 4.2% from HK$66.7 million in FY2009 to HK$63.9 million and this mainly due to the Group's continuous effort to control expenses as part of ongoing cost management.

Financial Position

"With the improved general market conditions and sentiments, our customers are becoming more optimistic in their business projections and we are seeing more orders covering longer time periods." shared Mr Tse.

Inventory balance rose substantially from HK$67.1 million in FY2009 to HK$129.9 million in FY2010 in view of the improved general market conditions and sentiments, as customers resumed their orders. The increase was also led by the rise in buffer inventory holding requirements by one of the major customers to meet its spikes in demand.

As the economic climate remains challenging, the Group granted longer payment terms to two of its major MNC customers who are currently contributing more than 50% in total to the overall revenue. Therefore, and together with the overall increased sales, trade receivables increased from HK$102.4 million as at 31 March 2009 to HK$273.7 million as at 31 March 2010.

As a result of the Group's continuous efforts to improve its working capital cycle, the Group's trade payables as of 31 March 2010 increased from HK$77.2 million as at 31 March 2009 to HK$229.8 million in tandem with the increase in trade receivables.

Business Outlook

With the world economy gradually coming out from a recession, general market conditions and sentiments have improved across the globe. The Group has been monitoring its customers' improving sentiments for past two quarters and this is reflected in an encouraging change in their ordering trends. As a result, the Group will be moving ahead with its plans for the construction of a new warehouse and acquisition of production equipment at its Daya Bay factory site that were halted due to uncertain market conditions in FY2010. This budgeted HK$40.0 million capital expenditure is needed so that the Group can vacate and make available existing factory space and production capacities for the new projects from existing and new customers.

"During the quarter, we have started to sell our portable air purifiers under the licensed Whirlpool, Maytag and Amana brand names in North America. Our recently announced brand licensing strategy will help to enhance our business model to cover the whole value chain of activities, as we continue to pursue growth in our core OEM and ODM businesses", added Mr Tse.

<u>Sales of Portable Air Purifier Under Brand Licensing Started</u>

In March 2010, the Group entered into an exclusive licensing arrangement with Whirlpool Properties, Inc., Maytag Corporation and Maytag Limited, to design, manufacture and sell portable air purifier appliances using their Whirlpool, Maytag and Amana brand names, for the North American market.

Sales have started registering in Q1 FY2011 and with the new models being scheduled for launch in Q3 and Q4 FY2011, the Group expects this will provide further momentum in sales.

<u>Resumption of Orders for Medical Equipment Product</u>

The Group's recent acquired medical equipment business, which was affected by the global financial crisis, has taken more time to grow than originally estimated. With the customer's successful re-launch of its In Vitro Diagnostic (IVD) medical equipment product into the market, orders have resumed and the first revenue was recorded in Q4 FY2010, together with orders up to Q3 FY2011.

"On the medical equipment business front, beside the pick-up in orders, we are happy to be invited by our customer to co-develop their other existing medical equipment products, which may translate into new business for us in the near future. Our existing IVD medical equipment production will showcase our capabilities and provide an inroad to medical equipment business opportunities from other customers", concluded Mr Tse.

Notwithstanding the general economic improvement, the Group continues to be cautious with respect to the business conditions in FY2011. In addition to the uneven pace of economic recovery, the Group has to contend with increasing working capital requirements to cover the extended credit periods and higher buffer inventory holding requirements by its customers. Moreover, the Group acknowledges that the challenges such as raw material price inflation, longer material ordering lead times, significant increase in PRC workers' minimum wages and potential appreciation of Renminbi currency will continue to remain for PRC manufacturers like them.

Despite such challenges and the uncertain economic environment, Valuetronics remains confident that it is well positioned to take advantage of the recovery of the global economy, if sustainable. The Group will continue with its efforts to improve its business and financial fundamentals including improving its design and development capabilities, achieving greater productivity gains, maintaining service excellence and vigilance in working capital management.

- End –

Note to Editors: Please read this media release in conjunction with the financial statement released on the SGXNet on the same day.

Issued for and on behalf of Valuetronics Holdings Limited
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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 such 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 portable air purifiers 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.*