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Announcement is submitted by *	Tse Chong Hing
Designation *	Chairman & Managing Director
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The details of the announcement start here ...	
Announcement Title *	PRESS RELEASE - VALUETRONICS POSTS NET PROFIT OF HK\$5.4 MILLION FOR FIRST QUARTER FY2010
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Media Release
(For Immediate Release)

**VALUETRONICS POSTS NET PROFIT OF HK\$5.4
MILLION FOR FIRST QUARTER FY2010**

Financial Highlights (in HK\$'M)	3 Months ended 30 June		
	1Q FY2010	1Q FY2009	% Change
Turnover	218,626	235,121	-7.0%
Gross Profit	35,968	45,211	-20.4%
Net Profit	5,401	21,008	-74.3%

Singapore, 11 August 2009 - 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, commercial and industrial electronics sectors, today reported its financial results for the first 3 months ended 30 June 2009 (“1Q FY2010”). The Group’s net profit after tax for the period registered at HK\$5.4 million, as a result of the higher operating expenses given the current economic conditions.

Financial Highlights

Revenue for 1Q FY2010 decreased 7.0% from HK\$235.1 million in 1Q FY2009 to HK\$218.6 million. The decrease in revenue was due to lower sales from some major customers in the OEM segment. On the contrary, revenue from the ODM segment increased on the back of increased sales from one of the major customers in the consumer electronics segment.

HK\$'million	1Q FY2010	1Q FY2009
OEM	47.8	45.8
ODM	170.8	189.3

The Group's gross profit decreased by 20.4% to HK\$36.0 million in 1Q FY2010 from HK\$45.2 million in the same period last year, along with the decrease in overall sales for the period. Correspondingly, gross profit margins edged down by 2.7% to 16.5% from 19.2% in 1Q FY2009. The decline in gross profit margin was due to a change in sales mix and a depreciation charge and operating costs of the new Daya Bay facilities.

As for the other operating income and expenses, other income jumped by 333.9% to HK\$1.1 million due to more tooling income earned in 1Q FY2010. Selling and distribution expenses rose by 52.8% to HK\$7.7 million, whilst administrative expenses dropped by 17.1% to HK\$13.6 million, on a year-on-year basis, in line with our continuous effort to tighten its expenses. In 1Q FY2010, the Group recorded an addition HK\$9.5 million provision for doubtful debt which was provided for a customer who has experienced working capital distress since

the economic turmoil that began in 2008. The Group had previously provided HK\$8.7 million allowance for doubtful debt for the same customer in FY2009. As of to-date, full provision has been made for this customer. Therefore, on a year-on-year basis, profit before income tax decreased by 74.5% to HK\$ 5.4 million from HK\$ 23.9 million in 1Q FY2009.

Commenting on the Group's first quarter performance, Mr Ricky Tse Chong Hing, Chairman and Managing Director of Valuetronics said: ***“Despite the challenges of lower sales, increased operating expenses and higher allowance for doubtful debt, we managed to remain profitable in the first quarter. Given the current economic situation, we have adopted a prudent and conservative approach by making these provisions for overdue debts.”***

Financial Position

The Group's inventory for the period increased by HK\$21.2 million from HK\$67.1 million as at 31 March 2009 to HK\$88.3 million as at 30 June 2009. This was in line with the sales order status. The Group's trade receivables rose by about HK\$63.6 million from HK\$102.4 million to HK\$166.1 million, in-line with the increased sale and also partially due to longer payment terms offered for to one of the Group's major MNC customers. The individual operating entities under this customer currently contributes in total to about one-third of the Group's revenue.

Cash and cash equivalents held by the Group stood at HK\$109.7 million as at 30 June 2009 compared to HK\$153.5 million as at 31 March 2009. The net decrease in cash and cash equivalents was mainly due to deposits and

payments for the construction of staff dormitory, and increase in inventories and trade receivables for the period.

Going Forward

The Group expects FY2010 to remain challenging in the face of the current economic climate and the sentiment among the Group's customers remains cautious. The Group continues to contend with challenging issues which include high uncertainty in demand patterns and sales orders, price pressures from customers, deteriorating credit conditions and significant fluctuations in exchange rates of major currencies. The following quarter will continue to be impacted by such adversities.

As part of its risk management strategies, the Group is also monitoring the performance of its customers' financial health through public information sources and consistent dialogue with major customers by the individual project team leaders working on key customer accounts. This ongoing practice is to help mitigate the risk of over-stocking of inventories.

“While keeping a close watch on our productivity and imposing strict cost control measures, we will also continue to strengthen our working capital management and to work through these cautionary conditions with the objective of maintaining profitability,” ended Mr Tse.

~End ~

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 facilities are located in Danshui Town, Huiyang District, and Daya Bay Economy and Technology Development District, Huizhou City, Guangdong Province, PRC.