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 RECORDS NET PROFIT OF HK$23.3 MILLION FOR FIRST HALF FY2010 DESPITE CHALLENGING CONDITIONS

Financial Highlights (HK$'M)	3 Months ended 30 September			6 Months ended 30 September		
	2QFY2010	2QFY2009	% Change	1HFY2010	1HFY2009	% Change
Turnover	318,898	317,787	0.3%	537,524	552,908	-2.8
Gross Profit	**47,012**	**58,621**	**-19.8**	**82,980**	**103,832**	**-20.1**
Net Profit	**17,860**	**22,232**	**-19.7**	**23,261**	**43,240**	**-46.2**

Singapore, 9 November 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 half of the financial year ended 30 September 2009 ("1HFY2010"). The Group recorded a net profit after tax of HK$23.3 million for the period despite current economic conditions.

Financial Highlights

For the quarter ended 30 September 2009 ("2QFY2010"), the Group recorded revenue of HK$318.9 million, which is comparable to the HK$317.8 million for the quarter ended 30 September 2008 ("2QFY2009").

"The Group has remained consistently profitable despite the challenging operating environment. We have benefitted from our customers' restocking activities, a gradual recovery of the market sentiments, and the contribution from our new businesses this quarter," remarked Mr Ricky Tse Chong Hing, Chairman and Managing Director of Valuetronics Holdings Limited.

However, the HK$537.5 million in revenue for 1HFY2010 showed a slight decrease of 2.8% from the HK$552.9 million in revenue for the first half of last year ended 30 September 2008 ("1HFY2009"). This was the result of a drop in customers' orders in the first quarter of FY2010 due to the recessionary climate, which eroded consumer and business confidences. The restocking activities along with the new businesses in 2QFY2010 had offset some of the loss of revenue in 1QFY2010 and achieved similar sales level to that of the corresponding quarter.

Segmental Revenue				
HK$'million	**2QFY2010**	**2QFY2009**	**1HFY2010**	**1HFY2009**
OEM	239.8	268.9	410.6	458.2
ODM	79.1	48.9	126.9	94.7

In terms of segmental revenue, the OEM revenue for both 2QFY2010 and 1HFY2010 decreased in tandem with lower demands from major customers that were affected by the economic crisis. On the other hand, revenue from the ODM segment increased in both corresponding periods, boosted by additional sales from the new ODM projects for a Fortune 500 MNC customer.

The Group's gross profit declined by 20.1% to HK$83.0 million in 1HFY2010 from HK$103.8 million in 1HFY2009, in tune with the decrease in overall sales for the period. Consequently, gross profit margin dipped to 15.4% in 1HFY2010 from 18.8% in 1HFY2009 which was caused by the change in sales mix.

In 1HFY2010, the Group's other income decreased by 23.6% to HK$2.4 million due to a decrease of interest income received for the period. As for the expenses, selling and distribution expenses rose by 64.5% to HK$19.3 million, which is attributable to the increase in sales and marketing spend to broaden the customer base as well as to develop new growths and business opportunities and sales commissions paid. In contrast, administrative expenses dropped by 17.9% to HK$29.3 million on a period-on-period basis, aligned with continuous efforts to tighten expenses as part of ongoing cost management.

Financial Position

Inventory balance for the period was up from HK$67.1 million as at 31 March 2009 to HK$87.5 million as at 30 September 2009. The increase was in line with the year end customers restocking program.

The Group's trade receivables rose from HK$102.4 million as at 31 March 2009 to HK$277.3 million as at 30 September 2009. This is in proportion with the increased sales and longer payment terms granted to one of the Group's major MNC customers, who is currently contributing more than one-third of the Group's total revenue. To achieve a more healthy financial position, the Group continues to diversify its customer base.

Cash and cash equivalents held by the Group stood at HK$96.9 million as at 30 September 2009 compared to HK$153.5 million as at 31 March 2009 which was mainly due to higher working capital was utilised to support additional inventories and trade receivables during the period. The Group ended with stronger cash position as compared to HK$83.0 million as of 30 September 2008 which was mainly due to lesser capital expenditures during the period.

Going Forward

For the remaining financial year, the Group is likely to continue to face challenges such as uncertainty in demand patterns and sales orders, price pressures from customers, deteriorating credit conditions and significant fluctuations in exchange rates of major currencies. Furthermore, the Group also has to contend with additional working capital requirement for the extended credit periods to customers.

Commenting on the Group's outlook, Mr Tse said: ***"Lately, there are nascent signs of the thawing of such adverse market conditions. This prevailing sentiment is reflected in some customers' re-stocking activities. If this trend persists, future sustainability of***

orders will provide greater assurance of future revenues and consequently, profit performance."

While the Group reinforces its focus on improving business and financial fundamentals including design and development improvements, achieving greater productivity gains and maintaining service excellence. Furthermore, the Group will also continue to maintain vigilant working capital management including rigorous credit controls and active inventory management to work through the current global economic instabilities with the objective to maintain profitability.

- 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@cogentcomms.com (DID: 6323 3623, MOB: 9820 3845)
Mr Roger Poh, roger@cogentcomms.com (DID: 6323 3178, MOB: 9455 2690)

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.