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Media Release

(For Immediate Release)

VALUETRONICS REPORT FY2009 NET EARNINGS OF HK$53.1 MILLION AND PROPOSES DIVIDEND OF HK4.5 CENTS PER ORDINARY SHARE

Summary:

- ***Revenue increased 8.6% to HK$960 million on the back of increased contributions from major customers in FY2009***
- ***Gross profit declined 8.0% to HK$167.5 million due to changing sales mix, increases in commodity prices and labour cost, and depreciation associated with its new Daya Bay site***
- ***Net profit declined 41.4% to HK$53.1 million, partly due to provisions amounting to HK$22.7 million which included one-off charge from impairment of assets caused by flash flood as well as doubtful debt***
- ***Balance sheet remains healthy and cash and bank balances stood at HK$153.5 million as at 31 March 2009, after investing HK$93.1 million and delivering HK$27.7 million in dividend payout during the FY***
- ***Proposes dividend of HK4.5 cents per share***
- ***Outlook for FY2010 remains challenging and management priority is on managing working capital and controlling operating expenditure***

Financial Highlights (in HK$'M)	Year ended 31 March		
	FY2009	FY2008	% Change
Turnover	960.1	884.2	+8.6%
Gross Profit	167.5	182.0	-8.0%
Net Profit	53.1	90.5	-41.4%

Singapore, 25 May 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 and industrial electronics sector, today reported its financial results the full year ended 31 March 2009 ("FY2009").

Commenting on the Group's proposed final dividend, Mr Ricky Tse Chong Hing, Chairman and Managing Director said, ***"Despite the challenging times, we maintained our commitment to reward our shareholders with a proposed final dividend of HK4.5 cents per ordinary share. Based on our share price of SG7.5 cents as at 31 March 2009, this translates to a dividend yield of approximately 11.8%"***

Financial Highlights

The Group registered higher revenue of HK960.1 million in FY2009, an 8.6% increased from the year before, on the back of stronger sales performance of certain customers.

Revenue (in HK$'M)	FY2009	FY2008	% change
OEM	HK$794.4	HK$680.5	+16.7%
ODM	HK$165.7	HK$203.7	-18.7%
Total	HK$960.1	HK$884.2	+8.6%

The Group's OEM segment rose to HK$794.4 million, a modest growth of 16.7% from HK$680.5 million reported last year. Increased sales in the OEM segment came from major customers such as **Philips**, **Graco**, **Hemisphere** and **Transact.** These improvements helped to offset decreases in ODM revenue which saw lower sales to a major ODM customer.

Gross profit for FY2009 decreased 8% from HK$182.0 million to HK$167.5 million as compared to the previous corresponding year. This translated to a decrease in the Group's gross margins to 17.4% in FY2009, in tune with the change in sales mix and higher cost of sales arising from the increase in commodity price in early 2008, depreciation charges of the new Daya Bay facilities and the PRC labour cost.

Selling and distribution expenses rose 8.8% year-on-year to HK$22.1 million, while administrative expenses were reduced by 7.7% to HK$66.7 million over the same period. Net profit after tax came in at HK$53.1 million, after taking in other operating expenses of HK$22.7 million. This comprises a one-off charge of HK$10 million assets impairment loss, higher allowance for doubtful debts HK$8.7 million, and a full provision for goodwill impairment from its recent acquisition of a medical equipment business.

The Group proposed a final dividend of HK4.5 cents per ordinary share. Commenting on the financial performance and proposed dividend, Mr Ricky Tse Chong Hing, Chairman and Managing Director said, ***"FY2009 was indeed challenging as we were faced with crucial issues. Earlier in the period, we were faced with an unexpected flash flood at our Danshui factory. Subsequently, the financial crisis hit the export-oriented industries towards the end of 2008."***

Financial Position

Balance Sheet items (in HK$'M)	**As at 31 March 2009**	**As at 31 March 2008**
Receivables	102.4	135.6
Inventory	67.1	110.4
Cash and Bank Balances	153.5	181.7

The Group took major steps in reviewing and managing its working capital to reflect a more challenging operating environment and to guard against unanticipated downside risks. As a result, the Group witnessed a significant reduction in both receivables and inventory as at 31 March 2009, compared to a year ago.

Cash Flow items (in HK$'M)	**As at 31 March 2009**	**As at 31 March 2008**
Net cash generated from operating activities	94.8	78.0
Net cash used in investing activities	(93.1)	(50.5)
Dividend Paid	(27.7)	(22.4)
Cash and Cash Equivalent	153.5	181.7

With enhanced working capital management, the Group was able to generate net cash of HK$94.8 million from operating activities as at 31 March 2009 and maintained cash and cash equivalent of HK$153.5 million after funding HK$93.1 million on investing activities and sustaining a dividend payout of HK$27.7 million.

Looking Forward

FY2010 is expected to remain challenging and the sentiment among the Group's customers remains cautious. Challenging issues which the Group have to contend with include high uncertainty in demand patterns and customer orders, price pressures from customers, deteriorating credit conditions and significant fluctuations in exchange rates of major currencies.

"We will continue strengthening our working capital and cost management efforts. Our healthy balance sheet allows us to take on good business opportunities when they arise, amidst this present gloom in the marketplace," *said Mr Tse.*

On 30 March 2009, the Group has announced a strategic acquisition of an invitro diagnostic (IVD) medical equipment manufacturer. The pilot shipment of IVD medical equipment had been completed in April 2009 and the Group looks forward to further orders in FY2010. The experience and track record gained from this foray will enable the Group to open new avenues in the medical equipment sector.

Additionally, the Group will also continue its existing business development strategies in order to further capture business opportunities. In April 2009, the Group has signed up two new sales representatives, for the US and European market. The Group will continue to work through these cautionary conditions with the objective to maintain profitability.

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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, commercial and industrial electronics sectors. The Group's customer base spans a wide geographical region that covers America, Europe and the 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.