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 NET PROFIT UP 4.8% TO HK$21.0 MILLION FOR FIRST QUARTER FY2009

- ***Revenue rose 26.2% to HK$235.1 million on the back of increased contributions mainly from the OEM revenue which rose by 39.9%***
- ***Gross profit increased 12.3% to HK$45.2 million, in line with higher sales revenue***
- ***Gross margin declined 2.4% to 19.2% from 21.6% in the same quarter a year ago due to changes in product mix as well as increases in commodity prices and labour cost***
- ***Operating landscape for next 12 months remains challenging due to appreciation of the RMB against the US dollar, spikes in commodity prices and rising labour and material cost***

Financial Highlights (in HK$'M)	**3 Months ended 30 June**		
	1Q FY2009	**1Q FY2008**	**% Change**
Turnover	235,121	186,277	26.2%
Gross Profit	**45,211**	**40,244**	**12.3%**
Net Profit	**21,008**	**20,041**	**4.8%**

Singapore, 11 August 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 3 months ended 30 June 2008 ("1Q FY2009"). The Group registered firm net profit after tax growth of 4.8% to HK$21.0 million, compared to HK$20.0 million in the corresponding year before ("1Q FY2008").

Financial Highlights

Valuetronics recorded revenue increase of 26.2% or HK$48.8 million from HK$186.3 million in 1Q FY2008 to HK$235.1 million in 1Q FY2009. The increase was the result of revenue increases in OEM segment.

OEM revenue increased by 39.9% to HK%189.3 million in 1Q FY2009 from HK$135.3 million, on the back of increased sales orders from our major customers. ODM revenue witnessed a decline of 10.2% to HK$45.8 million in 1Q FY2009 from HK$51.0 million in 1Q FY2008, because of declining revenue from one of our major customers.

In line with overall revenue growth, gross profit increased by 12.3% to HK$45.2 million in 1Q FY2009 from HK$40.2 million in 1Q FY2008. However, gross profit margin edged down by 2.4% to 19.2% from 21.6% in 1Q FY2008. The gross profit margin decline was due to a change in sales mix where revenue from lower margined products grew at a faster pace than revenue from higher margined products. The increases in commodity prices and labour cost in the PRC also added further pressure to the Group's gross margins.

In terms of other operating income and expenses, other income declined by 90.9% to HK$0.3 million due to an exchange loss of approximately HK$1.1 million, compared to the HK$1.0 million exchange gain for the same period last year. Selling and distribution expenses rose by a modest 8.1% to HK$5.0 million, whilst administrative expenses increased by 5.4% to HK$16.5 million, on a year-on-year basis. Therefore, on a year-on-year basis, profit before income tax increased by 4.8% to HK$ 23.9 million from HK$ 22.8 million in 1Q FY2008.

Commenting on the Group's first quarter performance, Mr Ricky Tse Chong Hing, Chairman and Managing Director of Valuetronics commented, ***"Despite the challenges of higher commodity prices, rising labour cost and RMB's appreciation against the US dollar, the first quarter results showed that we can still weather some of these uncertainties fairly well. Our revenues held up well and gross profit continues to grow."***

Financial Position

The Group's inventory increased by HK$24.1 million from HK$110.4 million as at 31 March 2008 to HK$134.5 million as at 30 June 2008. The increase was in line with the growth in revenue as well as to build up certain buffer stocks for selective production suspension when the Group gradually moves certain production facilities from the existing factory to its new factory premises in Daya Bay site. The Group's trade receivables increased by about HK$23.5 million from HK$135.6 million to HK$159.1 million, in-line with the overall increase in sales.

Cash and cash equivalents held by the Group stood at HK$170.1 million as at 30 June 2008 compared to HK$181.7 million as at 31 March 2008. The net decrease in cash and cash equivalent was mainly due to deposits and payments for purchase of machinery and equipment, as part of the Group's ongoing expenditure for both replacement and new production machinery.

Going Forward

Due to unexpected heavy torrential rain in Southern China, the Group's manufacturing facility located in Danshui was flooded on 13 June 2008. This flood had quickly receded the next day.

Several key production lines were affected, including the plastic injection moulding lines, metal machining centre, tooling fabrication center and computer data center. The flood resulted in power outages and caused temporary work stoppages. The affected production lines and computer data centre resumed operation within a week.

The Group has insurance cover for material and property losses arising from the flooding. The 1Q FY2009 result did not include material and property losses, and the possible insurance recovery. The Group expects to have a reliable estimate of the financial impact of these losses and recovery in the later part of the year.

The operating landscape remains competitive and demanding. The appreciation of the RMB against USD, spikes in commodity prices, rising inflation in the PRC and the newly effective China Labour Contract Law pushed up labour and material costs as well as other manufacturing overheads. Starting mid July, some of the projects previously produced in Danshui plant have been transferred to our new Daya Bay plant. The Daya Bay plant, being new and modern, will have a more effective shop floor arrangement which will raise productivity. This will better alleviate the impact of rising costs

The Group will stay focused on being at the forefront of design and development of new products in partnership with its customers. The Group will start manufacturing and shipping energy saving LED luminaries for a major customer in 2Q FY2009. This is one of several new projects derived from our proactive design and development collaboration with customers.

Barring unforeseen circumstances, the directors expect the Group to remain profitable.

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

Tel: (65) 6323-1060, Fax: (65) 6222-1210

Ms Celine Ooi, celine@cogentcomms.com (DID: 6323 3623)

Mr Roger Poh, roger@cogentcomms.com (DID: 6323 3178)

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.