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' REVENUE ROSE 17.9% TO HK$800.8 MILLION FOR NINE MONTHS FY2009

- ***Gross profit for 9M FY2009 rose at a moderate 2.7% year-on-year to HK$142.4 million, as gross margin declined to 17.8% in 9M FY2009 from 20.4% the year before***
- ***Declining gross margins attributed to changes in sales mix, commodity price increases, rising labour cost and depreciation charges from the newly completed Daya Bay facilities***
- ***Net profit slide 21.2% for nine months ended 31 December 2008 ("9M FY2009") to HK$55.8 million, due in part to the provision for loss of assets during flash flood in June 2008***
- ***Outlook for the coming 12 months cautious, in view of declining global economic growth trends***

Financial Highlights						
	3 months ended 31 Dec			9 months ended 31 Dec		
(HK$ 'm)	3QFY09	3QFY08	% Change	9MFY09	9MFY08	% Change
Revenue	247,866	239,503	3.5	800,774	679,303	17.9
Gross Profit	38,597	45,393	-15.0	142,429	138,697	2.7
Net Profit	12,523	21,568	-41.9	55,763	70,802	-21.2

Singapore, 13 February 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 leading international brands in the consumer, commercial and industrial electronics sectors, today announced its financial results for the period nine months ended 31 December 2008 ("9M FY2009").

Valuetronics registered a net profit after tax of approximately HK$55.8 million, mainly attributing from the HK$10 million one-off charge for the estimated loss of assets, due to the flash floods at its Danshui plant which occurred on 13 June 2008. This translated to a year-on-year decrease of 21.2% from HK$70.8 million when compared to the same period a year ago ("9M FY2008").

Financial Highlights

Revenue	9M FY2009	9M FY2008	% change
OEM	HK$663.9 million	HK$510.5 million	+ 30.0%
ODM	HK$136.9 million	HK$168.8 million	- 18.9%
Total	HK$800.8 million	HK$679.3 million	+ 17.9%

The Group's revenue grew 17.9% from HK$679.3 million in 9M FY2008 to HK$800.8 million in 9M FY2009, as a result of higher contribution from OEM revenue which more than offset revenue from the ODM segment which was in turn affected by declining sales to one of its major customers.

For 9M FY2009, Valuetronics' gross profit increased by 2.7% to HK$142.4 million from HK$138.7 million in 9M FY2008. Nonetheless, gross profit margin declined to 17.8% in 9M FY2009 from 20.4% in 9M FY2008 due to changes in sales mix and elevated cost of sales as a result of rising commodity prices, PRC labour cost, depreciation charges from the newly completed Daya Bay facilities.

The Group's overall profit before tax for 9M FY2009, excluding the one-off charge of HK$10 million as a result of flash flood related asset damages, after considering the estimated recoverable from the Group's insurer, declined by a moderate 8.8% to HK$73.4 million from HK$80.5 million in 9M FY2008.

The Group's financial position has strengthened as at 31 December 2008. The Group's cash and cash equivalents improved sequentially to approximately HK$116.7 million as at 31 December 2008, compared to HK$83.0 million as at 30 September 2008. Nonetheless, there is a net decrease in cash and cash equivalents from HK$181.7 million as at 31 March 2008. This was due to the payment of final dividends and outflow for investing activities such as the construction of a new plant and purchase of machinery and equipment over the last nine months.

Inventory decreased from HK$110.4 million as at 31 March 2008 to HK$100.1million as at 31 December 2008. Stocks that were buffered for the relocation of major production lines have been gradually reduced as the relocation exercise neared completion by 31 December 2008. Trade receivables amounted to HK$162.6 million as at 31 December 2008, in line with increased sales for the period.

Commenting on the latest financial results, Mr Ricky Tse Chong Hing, Chairman and Managing Director of Valuetronics said: ***"It has been a challenging nine months for the Group as we had to cater for an unexpected flash flood at Danshui which gave us added impetus to accelerate our move into the new Daya Bay factory site. Nonetheless, we still managed to ship a higher volume of products to our customers and scale up to meet their demand."***

Update on Daya Bay plant

Since July 2008, the relocation of major operations from the existing Danshui to Daya Bay has enabled the Group to better manage its production activities including achieving more effective shop floor supervision and better integration and communication within the production engineering teams.

"At the new Daya Bay plant, we have a more effective shop floor arrangement to raise productivity and to contain the impact of rising costs. We have also relocated the back office functions to Daya Bay in order to enhance internal controls and efficiency, and to maximise the utilisation of our operating resources," Mr Tse added.

The transfers of production activities will be completed by 1Q FY2010. With this move, the Group has taken preventive measures against future unanticipated physical risks such as the flash floods which had impacted the Danshui plant on 13 June 2008.

Looking Ahead

The severe global economic slowdown, with some countries already in recession, has increased the risks of doing business. Greater adversities now prevail in the operating environment. Challenging issues which the Group have to contend with include uncertainty in demand patterns and customer orders, deteriorating credit conditions, significant fluctuations in exchange rates of major currencies and commodity prices.

"The rapid cost increases for manufacturing in China is also expected to ease, as the Chinese government has begun to implement certain relief measures including postponing the adjustment of the minimum wage standard in Guangdong province. Nonetheless, in these uncertain times, our focus is to keep a firm grip on our cash and operating assets." concluded Mr Tse.

In response to such challenging and unprecedented times, the Chinese and Hong Kong Authorities have embarked on large scale fiscal and monetary policies as well as on plans to help abate potential economic and social difficulties. These measures when implemented are likely to have a positive effect in reducing our material costs, as well as, slowing down wage escalation brought about by the China Labour Contract Law. Furthermore, the Group's cost structure is likely to benefit from the softening of oil prices and the recent stabilisation of the RMB/US$ exchange rate.

The Group will continue to strengthen working capital management while keeping a close watch on our productivity. Additionally, amidst the present gloom in the marketplace, the Group's healthy balance sheet will put it in good stead to take on business opportunities when these arise.

Barring unforeseen circumstances, the directors expect the Group to remain profitable although it is expected that FY2009 results will be lower than FY2008 given the first 9 months' performance.

Provenance Capital Pte. Ltd. was the Issue Manager of the Initial Public Offering of Valuetronics Holdings Limited.

~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)

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, 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.