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Media Release - For Immediate Release

VALUETRONICS ACHIEVES A FIVE-FOLD JUMP IN NET PROFIT AFTER TAX FOR 1Q FY2011

- **Net profit after tax rose 435.2% to HK$28.9 million from HK$5.4 million in 1Q FY2010**

Singapore, 13 August 2010 - Mainboard listed Valuetronics Holdings Limited ("Valuetronics", "鸿通电子控股有限公司" or collectively with its subsidiaries, the "Group"), a premier design, manufacturing and licensing partner for the world's leading brands in the consumer, commercial and industrial electronics sectors, is pleased to report a five-fold increase in net profit after tax for its first quarter ended 30 June 2010 ("1Q FY2011").

"I'm pleased with our revenue growth which has shown a positive sign of recovery, with customer demand growing back to pre-crisis levels. As we continue to expand our business strategically, we are pacing our growth according to market conditions and expect to see new product developments and collaborations with customers in the coming periods," said Mr Ricky Tse Chong Hing ("谢创兴"), Chairman and Managing Director.

Financial Highlights

(HK$'M)	3 Months ended 30 June		
	1Q FY2011	**1Q FY2010**	**% Change**
Revenue	395.1	218.6	80.7
Gross Profit	65.9	36.0	83.3
Net Profit After Tax	**28.9**	**5.4**	**435.2**

The sign of recovery from a downturn in the world economy and global market conditions and sentiments was evidenced by the higher level of sales registered. In 1Q FY2011, the Group's revenue hit HK$395.1 million, an 80.7% jump compared to HK$218.6 million in the same corresponding period as a result of growth from major customers.

Segmental Revenue			
HK$'M	**1Q FY2011**	**1Q FY2010**	**Change %**
OEM	326.7	170.8	91.2
ODM	64.4	47.8	34.7

There was sales growth from both OEM and ODM businesses. The OEM segment in Q1 FY2011 in particular, experienced significant growth, driven by the increase in sales orders across from all major customers.

Growth in the ODM segment in Q1 FY2011 was mainly contributed by the commencement of a new project by one MNC customer as well as growth in sales to a kitchen countertop appliances customer.

In terms of the Group's inaugural Licensing business, sales of its portable air purifiers commenced in this quarter and contributed HK$4 million in revenue.

Gross profit for the period increased 83.3% to HK$65.9 million from HK$36.0 million in 1Q FY2010, while gross profit margin inched up to 16.7% from 16.5% in 1Q FY2010. The increase in gross profit and gross profit margin is a consequence of the overall revenue growth along with the change in the product sales mix respectively, during the period.

The Group had continued to step up its marketing efforts during the period under review which were in line with the overall increase in revenue and headcount as compared to the same period last year. This is reflected in the increased marketing spend and sales commissions payable to its sales representatives. Therefore, in 1Q FY2011, the Group's selling and distribution costs rose 94.4% to HK$14.9 million from HK$7.7 million in 1Q FY2010.

In 1Q FY2011, administrative expenses increased 49.9% to HK$20.5 million from HK$13.6 million in 1Q FY2010. This increase is attributable to the rise in salaries and bonus for administrative and corporate employees, in tune with the gradual improvement of global economy during the period. The increase was also consistent with an increase in headcount from 1Q FY2010.

As a result of the above, the profit before tax in 1Q FY2011 surged 438.8% to HK$32.8 million from HK$6.1 million in 1Q FY2010.

Financial Position

The Group's inventories balance increased by HK$111.4 million from HK$129.9 million as at 31 March 2010 to HK$241.3 million as at 30 June 2010. The surge in inventory for the period was in line with the growth in customers' orders along with the buffer inventories holding requirements by certain major customers to meet demand spikes.

In line with the significant sales growth from a small number of blue chip customers, who were granted longer credit terms than other customers, the Group's trade receivables increased by HK$116.1 million from HK$273.7 million as at 31 March 2010 to HK$389.8 million as at 30 June 2010.

Furthermore, the Group's trade payables as of 30 June 2010 increased from HK$229.8 million as at 31 March 2010 to HK$354.7 million, which was resulted from the overall growth in purchase and to cope with the increase in sales orders and demand from customers during the period. Cash and cash equivalents held by the Group stood at HK$79.7 million as at 30 June 2010 as compared to HK$139.9 million as at 31 March 2010.

"We continue to maintain a healthy net cash position with zero borrowings, despite the higher working capital required to support additional inventories and trade receivables during the period", added Mr Tse.

Business Outlook

Notwithstanding the general improvement in global market conditions and economic outlook since early 2010, the Group expects business conditions to remain challenging in FY2011.

Ongoing Cost Management

The Group expects to continue to contend with issues such as high oil price which will lead to an increase in raw material price and pricing pressure, and fluctuations in foreign currencies including Renminbi and Japanese Yen in FY2011. The rise in the statutory minimum wage for PRC workers and tight labour supply are also expected to escalate manufacturing costs in FY2011.

Backed by its strong financial position, the Group will continue to improve our business and financial fundamentals, which include enhancing its design and development capabilities, achieving greater production efficiencies, rigorous inventory management and cost control measures.

OEM and ODM Business Segments

While both OEM and ODM businesses have shown significant increase in sales orders across all major customers, the Group is also in the process of concluding new projects with new and existing customers.

Licensing Business Segment

The Licensing business under our flagship subsidiary, Master Brands HK Limited, will generate contributions in FY2011. The Group has also recently set up Brands Values Corporation, which will contribute further to the Licensing business with its team of technology development specialists and sales professionals in the United States.

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Issued for and on behalf of Valuetronics Holdings Limited

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About Valuetronics Holdings Limited (www.valuetronics.com.hk)

Valuetronics is a premier design and manufacturing partner for the world's leading brands. The Group's customer base covers the industrial and commercial electronics, medical equipment and consumer electronics industries, which span across a wide geographical region that covers America, Europe and the Asia Pacific. The Group's customers include OEMs and ODMs as well as international brand owners such as "DYMO", "TRANSACT", "GRACO", "HEMISPHERE", "HID", "KITCHENAID", and "PHILIPS". Leveraging on its product design and development capabilities, Valuetronics has also moved into brand management with the exclusive license to use the "WHIRLPOOL", "MAYTAG" and "AMANA" brands for portable air purifiers in the North American market. Headquartered in Hong Kong, the Group's main manufacturing facility is located in Dong Er Road, Western District of Science and Technology Park, Daya Bay Economy and Technology Development District, Huizhou City, Guangdong Province, PRC.