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[MEDIA RELEASE - VALUETRONICS' 3Q NET PROFIT JUMPED 133.8% TO HK\\$31.6 MILLION](#) * Financial Statement And Related Announcement

* Asterisks denote mandatory information

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Announcement is submitted with respect to *	VALUETRONICS HOLDINGS LIMITED
Announcement is submitted by *	Tse Chong Hing
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Media Release - For Immediate Release

Valuetronics' 3Q Net Profit Jumped 133.8% to HK\$31.6 million

- Net Profit for 9M FY2011 of HK\$93.1 million is already 58.5% more than FY2010 Net Profit of HK\$58.8 million

Singapore, 25 January 2011 - 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 partner for the world's leading brands in the consumer, commercial and industrial electronics sectors and a licensing partner for home comfort appliances, today announced outstanding financial results for its third quarter and nine months ended 31 December 2010 ("3Q FY2011" and "9M FY2011" respectively).

Commenting on the results, Mr Ricky Tse Chong Hing ("谢创兴"), Chairman and Managing Director remarked, *"I am very pleased to report to our shareholders another good quarter as the Group moves up to another level. In the midst of signs of the global economy stabilising, we are gaining momentum across all our businesses as a result of our key customers' buoyant business environment."*

Financial Highlights

Financial Highlights (HK\$'M)	3 Months ended 31 December			9 Months ended 31 December		
	3Q FY2011	3Q FY2010	% Change	9M FY2011	9M FY2010	% Change
Turnover	524.5	291.6	79.9	1,438.6	829.1	73.5
Gross Profit	81.1	44.1	83.7	223.3	127.1	75.6
Net Profit	31.6	13.5	133.8	93.1	36.8	153.4

The Group continued to register strong sales growth for 3Q FY2011, which was driven by an increase in customers' orders. As such, the revenue for 9M FY2011 hit HK\$1,438.6 million from HK\$829.1 million in the previous corresponding period ("9M FY2010"), representing a 73.5% jump.

Overall customers' sentiments continued to remain positive in view of the gradual stabilising of the global economy. Key customers' business activities remain upbeat and this boosted Valuetronics' sales in 3Q FY2011, as revenue surged 79.9% to HK\$524.5 million from HK\$291.6 million in the third quarter ended 31 December 2010 ("3Q FY2011").

Segmental Revenue				
HK\$'M	3Q FY2011	3Q FY2010	9M FY2011	9M FY2010
OEM	423.9	245.4	1,178.2	656.0
ODM	95.1	46.2	244.7	173.1

Revenue from both OEM and ODM businesses came in strong in line with the higher sales recorded for the period under review. The OEM segment has shown a substantial growth, which was lifted by the increased demand from a number of major customers.

As for the ODM segment, revenue continue to outperform its previous corresponding periods with additional sales and growing orders from major customers to meet their end customers' demands.

“We have seen a sustained growth in our OEM and ODM businesses in this quarter, which is slightly ahead of our expectations. This is supported by our customers’ new project wins and re-stocking from their end customers that have boosted the significant increases in sales orders together with the launch of new products,” added Mr Tse.

In terms of Valuetronics’ Licensing business, the sales of its portable air purifiers, which commenced in the first quarter of FY2011, contributed HK\$5.5 million in revenue for 3Q FY2011. On a nine month basis, a total of HK\$15.7 million in revenue was registered.

Gross profit grew 75.6% to HK\$223.3 million in 9M FY2011 from HK\$127.1 million in 9M FY2010, whilst gross profit margins were stable at 15.5% for the period under review. In particular, Valuetronics’ gross profit for 3Q FY2011 rose 83.7% to HK\$81.1 million from HK\$44.1 million with a gross profit margin of 15.5%, which is comparable to the same period last year as there was no significant change in product mix.

For 9M FY2011, the Group’s other income increased 94.4% to HK\$5.1 million, attributable to an increase in tooling income, a gain on disposal of machineries and an insurance claim for the period.

As the Group’s ongoing marketing efforts is essential for it to capture new sales opportunities, selling and distribution cost correspondingly increased 74.7% to HK\$20.1 million in 3Q FY2011 from HK\$11.5 million in 3Q FY2010, led by the increases in the salaries and allowances for marketing staff and sales commissions payable to sales representatives. Such an increase corresponds to a higher revenue and headcount. Consequently on a nine month basis, selling and distribution costs rose 68.8% to HK\$52.0 million from HK\$30.8 million in 9M FY2010. Administrative expenses for 9M FY2011 also went up by 48.1% to HK\$69.2 million from HK\$46.7 million in the previous corresponding period, due to salary increases and bonuses for staff as a result of a business recovery and higher headcount.

All in all, Valuetronics' profit after tax for 3Q FY2011 shot up 133.8% to HK\$31.6 million from HK\$13.5 million in 3Q FY2010. For 9M FY2011, net profit surged 153.4% to HK\$93.1 million in 9M FY2011 from HK\$36.8 million in 9M FY2010. As a result, the earnings per share for 9M FY2011 is HK26.4 cents compared to HK10.4 cents¹ in 9M FY2010. Net asset value per share² as at 31 December 2010 and as at 31 March 2010 was HK124.5 cents and HK105.1 cents respectively.

Financial Position

Inventories balance increased to HK\$317.7 million as at 31 December 2010 from HK\$129.9 million as at 31 March 2010. The rise in inventory level for the period was in tune with the growth in customers' orders along with the buffer inventory holding requirements by certain major customers.

In respect of the significant growth in sales from a number of major blue chip customers, who were granted longer credit terms than other customers, the Group's trade receivables increased to HK\$510.3 million as at 31 December 2010 from HK\$273.7 million as at 31 March 2010. Trade payables as at 31 December 2010, also increased from HK\$229.8 million as at 31 March 2010 to HK\$433.2 million as at 31 December 2010. This was the result of the overall growth in purchases and higher sales orders during the period.

Cash and cash equivalents held by the Group stood at HK\$37.2 million as at 31 December 2010, as compared to HK\$139.9 million as at 31 March 2010.

Business Outlook

While there are no clear signals of full recovery in the US economy, the Group continues to expect the world market conditions and global economy to be stable. In the past 9 months, the Group experienced strong demands from its major customers, which is

¹ The calculation of basic earnings per share is based on profit attributable to owners of the Company divided by the weighted average number of ordinary shares) in issue during the respective periods.

² The calculation of net asset value per ordinary share is based on number of issued capital excluding treasury shares during the respective periods.

indicative of a stabilisation in the overall economy since the worse of the Global Financial Crisis from late 2008 to early 2009.

OEM and ODM business segments

On top of major customers increasing their sales orders and launching new products for the quarter under review, the Group has shipped new ODM products to a new customer. Given the customers started from a lower base, their exceptional growth rate may not be sustainable. Going forward, the Group however expects these customers' growth to normalise. Furthermore, the Group is also preparing to ship new OEM products for another new customer which is expected to contribute in the next financial year.

Licensing Business Segment

Valuetronics' Licensing business which started in April 2010 has achieved total sales of HK\$15.7 million, mainly from its portable air purifier products. Shipments of the Group's portable electric fans and portable electric heaters will be made to some of the US retailers in the next few months. With its enhanced footprint among major US retailers, the Group expects the Licensing business to bring in additional contributions for the rest of the year.

Operational Management

In light of operational challenges such as price increases for raw materials and components, appreciation of Renminbi and Japanese Yen, higher labour costs and inflation in the PRC continuing to be prevalent, the Group will continue to remain cautious and prudent in monitoring and responding to market developments by strengthening its business and financial fundamentals. This includes design and technical capability upgrades, production enhancements, active inventory management and tight credit controls.

“On the production front, we have seen effective results from our employment of system automation and lean manufacturing processes to increase our factory productivity and efficiency,” said Mr Tse.

Given the cumulative results for the 9 months ended 31 December 2010, barring unforeseeable circumstances, the Group is confident that its performance in FY2011 would be significantly better than FY2010.

- End -

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, manufacturing, and licensing 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 a range of home comfort appliances 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.