

# VALDOR TECHNOLOGY INTERNATIONAL INC.

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## CORPORATE UPDATE

Dear Shareholder,

The past twelve months have been exciting and validating for Valdor management. During this time we have begun the process of hiring additional sales staff and have been receiving strong interest and support from industry distributors and end-users. The Valdor product line is being recognized as a revolutionary, superior and new-generation technology by almost everyone to whom it is presented. We have received positive feedback and initial purchase orders from the aerospace, mining, medical, oil and gas servicing, industrial and data-communication sectors. Valdor continues to make progress on the continuum to profitability and we are optimistic that this will be achieved in 2010.

Over a year ago we completed a corporate reorganization to create a structure conducive to fundraising, and to position Valdor for the anticipated increase in demand for fiber optic products which appeared at that time to be in its incipient stage. A small financing was then completed. The Valdor approach with all financings has been to strategically offer to investors who believe in the potential of the technology and who may be able to add value in the future as Valdor evolves. There has been great effort placed on minimizing shareholder dilution. At this point Valdor's predominate use of funding will be for product sales and marketing.

The manufacturing facility in China, dedicated to Valdor production, received ISO 9000 certification in late 2008.

During the past 12 months, development of the new HeptoPort 7-fiber bundle was completed, patents were approved in the USA, China and Hong Kong and the product was qualified by a petrochemical end-user. From the outset, the HeptoPort has been recognized by distributors and end-users as an innovative and revolutionary device. There are several clients and prospective clients in the aerospace and military sectors who are testing and evaluating applications using the HeptoPort. It will be a profitable product for Valdor for many years into the future.

During the past six months, development of the field-installable LC connector was completed. Valdor now holds a complete portfolio of the conventional and most used field-installable connectors: the ST, SC, FC, SP, LC and SMA. In addition to these conventional connectors, Valdor carries the SP harsh environment connector and the SP miniature connector. The Valdor technology is unique with harsh environment and miniaturization capability. The LC connector has a variety of applications but is most commonly used in data-communications. It is used especially for fiber-to-the-home (FTTH) and fiber-to-the-curb (FTTC), where smaller high density connectors are required. FTTH and FTTC will be major growth areas during the next few years.

In the past six months, following trade show introductions and basic sales calls, Valdor has begun work with several world class companies in the aerospace, mining, medical, oil & gas servicing, industrial and data-communication sectors and has provided prototypes for several of these. Management anticipates that several of these companies will issue major purchase orders in the near future. In order of priority, the Valdor marketing strategy continues to be:

- 1) *Niche markets for the Valdor field-installable connectors and devices; applications where only Valdor IMT connectors are qualified because they are high temperature tolerant, limited space capable, and unrestricted by electrical power requirements or chemical components.*
- 2) *Niche markets for the HeptoPort high density connector. There is no other device in the fiber optic industry comparable to the HeptoPort.*
- 3) *Displacing existing field- installable connectors for the data communication market. Compared to others in the industry, Valdor IMT connectors provide added value. The Valdor installation process is quickest to learn, exceeds environmental requirements, offers rugged features and hermeticity, limits bare fiber exposure and is fastest to crimp, impact, cleave and polish.*

This marketing strategy has served Valdor well.

According to ElectroniCast Consultants ([www.electronicastconsultants.com](http://www.electronicastconsultants.com)), the annual global market for all connector sales is more than US\$2 billion and growing. It is Valdor's goal to achieve a significant penetration into this market in a short period of time.

From the fundraising that is being finalized at the time of this writing, Valdor will have sufficient financial resources to hire additional sales personnel and appropriate technical support staff to ensure success. There is no longer any doubt about the superiority of the Valdor technology; it is merely a matter of introducing it to the distributors and end-users that need it. Interest from customers and potential customers, for our product line, is dramatically greater today than it was six months ago. A strong sales force is planned, to accommodate an expected continuing growth of the fiber optic industry during the next few years. On the share price side, our stock has built a very strong base of support in the \$0.25 range. I believe the continued sales growth in our operations will soon be recognized by the investment community and in turn this will be reflected in our stock price.

In conclusion, I thank our employees, Board of Directors and shareholders for your continued support. I am confident that Valdor is on the verge of becoming a major player in the fiber optic industry, and I look forward to updating you periodically on our progress.

Wishing you a Merry Christmas and a Prosperous New Year

“Dr. Michel Rondeau”

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Dr. Michel Rondeau  
President and Chief Executive Officer

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