



Valuetronics Holdings Limited
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Clarification by Valuetronics Holdings Limited (“the Company”) on the article in The Business Times dated 2 April 2007

The Company refers to the article in The Business Times dated 2 April 2007, where Mr Ricky Tse, the Chairman and Managing Director of the Company was quoted, inter-alia, as saying:

- (a) Our growth trend over the last few years is a very good indicator – we have grown our sales and earnings by a compounded annual growth rate of about 20 to 22 per cent and we expect that to continue, at least for the next 12 months, due to demand for digitally controlled toasters, coffee makers and shavers;
- (b) The orders for our fiscal Q1 are very strong, better than last year, and examples cited to support the orders were for label printers and printed-circuit boards that go into shavers and toothbrushes; and
- (c) These two customers (for heavy-duty vacuum cleaners and printers used in gaming machines) will provide added momentum for revenue growth this year.

The Company wishes to clarify as follows:

- (1) During the interview with Reuters on 29 March 2007, Mr Ricky Tse explained that on the basis that the Company continues to deploy their design and development (D&D) service well and that their customers’ marketing plans are well executed as usual, the Company will continue to ride on their customers’ success and maintain their momentum for the next 12 months, based on the Company’s past growth track record. As disclosed in the Prospectus, the Company achieved a compounded annual growth rate in revenue of 26.8% for the last 3 financial years;
- (2) Mr Tse believes that his comments on fiscal Q1, as reported by Reuters, was not elaborated upon. In actual fact, during the interview with Reuters, Mr Tse did not have any order book figures on hand, and was therefore unable to provide any indication of revenue and profit numbers. However, Mr Tse mentioned that based on his understanding from the Company’s material and production planning, he felt that orders for fiscal Q1 might be better than last year. In addition, examples cited by Reuters to support the orders (label printers and printed-circuit boards that go into shavers and toothbrushes), were not meant to support the fiscal Q1 order book, but were in fact meant as examples of products of the Company’s customers, whose success the Company intends to ride on as mentioned in point (1) above;

- (3) as disclosed on page 132 of the Prospectus, it is the Company's plan to expand their ODM capabilities to develop products made with precision mechanical parts with an emphasis on electro-mechanical applications. An example of such a product is the thermal printers for gaming and lottery machines, as disclosed in the Prospectus.

In relation to the heavy-duty vacuum cleaners, the Company has only recently received the order to carry out a pilot run which will commence shipment in the fiscal year. The contribution to revenue and profit from this product is considered not significant at present.

By Order of the Board

Tse Chong Hing
Executive Chairman

2 April 2007