

VALUETRONICS HOLDINGS LIMITED

(Incorporated in Bermuda)

FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2007**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS****1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	The Group		
	3 months ended June 30		
	2007	2006	Change
	HK\$'000	HK\$'000	%
Revenue	186,277	167,239	11.4
Cost of Sales	(146,033)	(129,445)	12.8
Gross Profit	40,244	37,794	6.5
Other income	2,768	1,901	45.6
Selling and distribution costs	(4,637)	(3,811)	21.7
Administrative expenses	(15,618)	(14,248)	9.6
Net other operating gain / (loss)	115	(1,740)	N/A
Profit From Operations	22,872	19,896	15.0
Finance costs	(98)	(92)	6.5
Profit Before Tax	22,774	19,804	15.0
Income tax expense	(2,733)	(2,063)	32.5
Profit attributable to shareholders of the Company	20,041	17,741	13.0

Note:

The Group's profit before tax is arrived at after charging / (crediting):

	The Group	
	3 months ended June 30	
	2007	2006
	HK\$'000	HK\$'000
Depreciation	3,010	2,627
Amortisation of prepaid land lease payments and land use rights	23	-
Loss/(Gain) on disposals of property, plant and equipment	3	(96)
Allowance of inventories obsolescence	-	1,738
(Reversal)/Allowance for doubtful debts	(115)	3
Listing expenses	-	1,000
Interest income	(924)	(666)
Bank charges	98	92
Exchange gain	(1,036)	(88)

1(b)(i) A balance sheet (for the issuer and the group), together with a comparative statement as at the end of the immediately preceding financial year.

	The Group		The Company	
	At 30.6.2007	At 31.3.2007	At 30.6.2007	At 31.3.2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Prepaid land lease payments and land use rights	18,221	18,244	-	-
Property, plant and equipment	43,203	38,823	-	-
Investments in subsidiaries	-	-	83,330	83,330
Deposits paid for acquisition of properties and land use rights	6,144	6,144	-	-
Club membership, at cost	200	200	-	-
Long term receivable	2,000	2,000	-	-
	69,768	65,411	83,330	83,330
Current assets				
Available-for-sale financial assets	15,510	11,610	-	-
Inventories	90,935	69,197	-	-
Trade receivables	136,533	131,624	-	-
Prepaid land lease payments and land use rights	392	392	-	-
Prepayments, deposits and other receivables	6,516	5,521	268	-
Due from subsidiaries	-	-	28,055	28,015
Bank and cash balances	180,520	176,590	95,372	99,858
	430,406	394,934	123,695	127,873
Total assets	500,174	460,345	207,025	211,203
Current liabilities				
Trade payables	136,074	120,555	-	-
Accruals, other payables and deposits received	113,978	110,392	174	6,111
Due to a subsidiary	-	-	965	-
Current tax liabilities	4,900	4,217	-	-
	254,952	235,164	1,139	6,111
Non-current liabilities				
Deferred tax liabilities	2,058	2,058	-	-
Total liabilities	257,010	237,222	1,139	6,111
	243,164	223,123	205,886	205,092
Equity attributable to shareholders of the Company				
Share capital	35,500	35,500	35,500	35,500
Reserves	207,664	187,623	170,386	169,592
Total equity	243,164	223,123	205,886	205,092

Notes: For the year ended 31 March 2007, the Group undertook a restructuring exercise ("Restructuring Exercise") to rationalize the structure of the Group in preparation for the listing of the Company's shares on the Singapore Exchange Securities Trading Limited ("SGX-ST"). Following the implementation of the Restructuring Exercise, the Company became the holding company of the Group on 6 February 2007 and a pooling-of-interests method of consolidation is adopted. The identifiable assets and liabilities were accounted for at their historical cost and the shares issued were recorded at par value, in a manner similar to the pooling-of-interests method of consolidation.

Under the pooling-of-interests methods, the combined assets, liabilities and reserves of the pooled enterprises are recorded at their existing carrying amounts at the date of amalgamation.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30 June 2007		As at 31 March 2007	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
nil	nil	nil	nil

Amount repayable after one year

As at 30 June 2007		As at 31 March 2007	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
nil	nil	nil	nil

Details of any collateral

None

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group	
	3 months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Cash flows from operating activities		
Profit before tax	22,774	19,804
Adjustments for :		
Amortisation of prepaid land lease payments and land use rights	23	-
Depreciation	3,010	2,627
Loss / (Gain) on disposals of property, plant and equipment	3	(96)
Interest income	(924)	(666)
Operating profit before working capital changes	24,886	21,669
Increase in inventories	(21,738)	(21,168)
Increase in trade receivables	(4,909)	2,629
Increase in prepayments, deposits and other receivables	(995)	(1,128)
Increase in trade payables	15,519	20,333
Increase in accruals, other payables and deposits received	3,586	8,989
Cash generated from operations	16,349	31,324
Income tax paid	(2,050)	(644)
Net cash from operating activities	14,299	30,680
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,393)	(2,922)
Purchase of available-for-sale financial assets	(3,900)	-
Proceeds from disposal of property, plant and equipment	-	96
Interest received	924	666
Net cash used in investing activities	(10,369)	(2,160)
Increase in cash and cash equivalents	3,930	28,520
Cash and cash equivalents at beginning of the period	176,590	76,651
Cash and cash equivalents at end of the period	180,520	105,171

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group	Attributable to the shareholders of the Company						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Reserves		Total reserves HK\$'000	
				Dividend reserve HK\$'000	Retained earnings HK\$'000		
Balance at 1 April 2007	35,500	85,591	(15)	22,365	79,682	187,623	223,123
Net profit for the period	-	-	-	-	20,041	20,041	20,041
Balance at 30 June 2007	35,500	85,591	(15)	22,365	99,723	207,664	243,164
Balance at 1 April 2006	130	402	(15)	-	74,300	74,687	74,817
Net profit for the period	-	-	-	-	17,741	17,741	17,741
Balance at 30 June 2006	130	402	(15)	-	92,041	92,428	92,558
The Company	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Reserves		Total reserves HK\$'000	Total HK\$'000
				Dividend reserve HK\$'000	Retained earnings HK\$'000		
	Balance at 1 April 2007	35,500	85,591	67,299	22,365	(5,663)	169,592
Net profit for the period	-	-	-	-	794	794	794
Balance at 30 June 2007	35,500	85,591	67,299	22,365	(4,869)	170,386	205,886

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

During the three months ended 30 June 2007, the Company did not allot nor issue any shares, nor grant any share options under the Employee's Share Option Scheme.

As at 30 June 2007, there were no outstanding share options / warrants / convertible securities (31 March 2007: Nil).

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has adopted the same accounting policies and methods of computation for the current reporting period as those used in preparing for the audited consolidated financial statements for the year ended 31 March 2007.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	The Group	
	3 months ended 30 June 2007	3 months ended 30 June 2006
Earnings per ordinary share for the period based on the net profit for the period		
(a) Based on weighted average number of ordinary shares on issue; and	HK 5.6 cents	HK 6.6 cents
(b) On a fully diluted basis	N/A	N/A
Number of ordinary shares in issue		
Weighted average number of ordinary shares for the purpose of basic earnings per share	355,000,000	270,000,000

7. **Net asset value (for the issuer and the group) per ordinary share based on issued share capital of the issuer at the end of the:**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	The Group		The Company	
	30/6/2007	31/3/2007	30/6/2007	31/3/2007
	HK cents	HK cents	HK cents	HK cents
Net asset value per ordinary share based on issued share capital at the end of the period / year:	68.5	62.9	58.0	57.8
Number of ordinary shares in issue	355,000,000	355,000,000	355,000,000	355,000,000

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review – 1Q FY2008 (3 months ended 30 June 2007) vs 1Q FY2007 (3 months ended 30 June 2006)

Revenue

Revenue increased by 11.4% or HK\$19 million from HK\$167.2 million for the quarter ended 30 June 2006 to HK\$186.3 million for the quarter ended 30 June 2007. The increase in revenue was attributable to the increase in OEM segment.

OEM revenue increase by 23.7% to HK\$135.3 million (1Q FY2007: HK\$109.4 million). The increase was mainly due to increased demand from one of our major customers and a newly acquired customer.

ODM revenue decreased by 11.8% to HK\$51.0 million (1Q FY2007: HK\$57.8 million). The decrease was mainly due to decrease in sales from one of our major customers. However, this was moderated by the commencement of shipment of a newly developed ODM product to a new customer.

Gross profit and gross profit margin

Gross profit increased by 6.5% to HK\$40.2 million (1Q FY2007: HK\$37.8 million). This was mainly due to higher revenue than the same period last year.

Gross profit margin decreased by 1% to 21.6% (1Q FY2007: 22.6%). The decrease in gross profit margin was mainly due to changes in sales mix.

Other income

Other income increased by 45.6% to HK\$2.8 million (1Q FY2007: HK\$1.9 million). This increase in other income was due to an exchange gain of approximately HK\$1 million on IPO proceeds during the period.

Selling and distribution costs

Selling and distribution costs increased by 21.7% to HK\$4.6 million (1Q FY2007: HK\$3.8 million). This was mainly due to an increase in sales commission paid to our sales representatives.

Administrative expenses

Administrative expenses increased slightly by 9.6% to HK\$15.6 million (1Q FY2007: HK\$14.2 million), due to the annual increment for staff and increased administrative costs related to operating as a public company.

Profit before tax

As a result of the above, profit before income tax increased by 15.2% to HK\$ 22.8 million (1Q FY2007: HK\$ 19.8 million).

Financial position

Cash position remains strong. The Group's Inventory balance increased by HK\$21.7 million from HK\$69.2 million as at 31 March 2007 to HK\$90.9 million as at 30 June 2007. The increase was mainly due to higher levels of raw materials and work in progress which are required to meet customer demands in Q2 FY2008.

The Group's trade receivables increased by about HK\$4.9 million from HK\$131.6 million to HK\$136.5 million. This is in-line with the increase in sales.

Cash Flow Statement

Cash and cash equivalents held by the Group increased by HK\$3.9 million from HK\$176.6 million as at 31 March 2007 to HK\$180.5 million as at 30 June 2007. The net increase in cash inflow from operating activities was partially off-set by outflow for investing activities such as purchase of property, plant and equipment.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The operating landscape for the EMS sector remains competitive and demanding, however our customers are increasingly recognising us as a proactive, value-added partner due to our design solutions. To combat the challenging operating conditions, the Group will continue to grow its customer base and product mix within both OEM and ODM segments while improving its cost effectiveness and operational efficiency.

Barring unforeseen circumstances, the Group expects to remain profitable.

11. **Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not Applicable

(d) Books closure date

Not Applicable

12. **If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared / recommended for the current financial period reported on.

13. Interested Person Transactions (“IPTs”)

*(If the Company has an IPTs Shareholders’ Mandate, the following table is to be completed)
(If there are no IPTs Shareholders’ Mandate, please insert “not applicable”)*

Not Applicable

14. Use of IPO Proceeds

Up to 30th June 2007, the Group has utilized approximately S\$1.0 million for the first phase of construction of factory premises at Daya Bay and S\$0.5 million to acquire machinery and equipment.

BY ORDER OF THE BOARD

TSE Chong Hing
Chairman and Managing Director
8 August 2007

Negative assurance confirmation on interim financial results under Rule 705 (4) of the SGX-ST

The directors of the Company confirm that to the best of their knowledge, nothing has come to their attention which may render the 1Q FY2008 financial results to be false or misleading.

On behalf of the Board of Directors of
Valuetronics Holdings Limited

Tse Chong Hing
Chairman and Managing Director

Chow Kok Kit
Executive Director

Note:

The initial public offering of the Company was managed by Provenance Capital Pte. Ltd. and co-managed by CIMB-GK Securities Pte. Ltd.