

VALUETRONICS HOLDINGS LIMITED
(Incorporated in Bermuda)

**SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 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			The Group		
	6 months ended 30 September			3 months ended 30 September		
	2007	2006	Change	2007	2006	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Revenue	439,800	365,545	20.3	253,523	198,306	27.8
Cost of Sales	(346,496)	(289,213)	19.8	(200,463)	(159,768)	25.5
Gross Profit	93,304	76,332	22.2	53,060	38,538	37.7
Other income	5,498	4,137	32.9	2,730	2,236	22.1
Selling and distribution costs	(9,853)	(8,155)	20.8	(5,216)	(4,344)	20.1
Administrative expenses	(32,961)	(29,228)	12.8	(17,343)	(14,980)	15.8
Net other operating gain	121	1,122	-89.2	6	2,862	-99.8
Profit From Operations	56,109	44,208	26.9	33,237	24,312	36.7
Finance costs	(161)	(163)	-1.2	(63)	(71)	-11.3
Profit Before Tax	55,948	44,045	27.0	33,174	24,241	36.9
Income tax expense	(6,714)	(4,552)	47.5	(3,981)	(2,489)	59.9
Profit attributable to shareholders of the Company	49,234	39,493	24.7	29,193	21,752	34.2

Note:

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

	The Group		The Group	
	6 months ended 30 Sep		3 months ended 30 Sep	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation	6,005	5,282	2,995	2,655
Amortisation of prepaid land lease payments and land use rights	46	0	23	0
(Gain)/Loss on disposals of property, plant and equipment	(167)	(94)	(170)	2
Reversal of inventories obsolescence	0	(2,016)	0	(3,754)
(Reversal)/Allowance for doubtful debts	(121)	894	(6)	891
Listing expenses	0	2,000	0	1,000
Interest income	(2,974)	(1,540)	(2,050)	(874)
Bank charges	160	163	62	71
Exchange (gain)/loss	(946)	(197)	90	(109)

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 30.9.2007	At 31.3.2007	At 30.9.2007	At 31.3.2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Prepaid land lease payments and land use rights	18,198	18,244	-	-
Property, plant and equipment (Note 1)	60,401	38,823	-	-
Investments in subsidiaries	-	-	83,330	83,330
Deposits paid for acquisition of properties and land use rights	-	6,144	-	-
Club membership, at cost	200	200	-	-
Long term receivable	2,000	2,000	-	-
	80,799	65,411	83,330	83,330
Current assets				
Available-for-sale financial assets (Note 2)	15,510	11,610	-	-
Inventories	89,898	69,197	-	-
Trade receivables	155,577	131,624	-	-
Prepaid land lease payments and land use rights	392	392	-	-
Prepayments, deposits and other receivables	7,538	5,521	7,249	-
Due from subsidiaries	-	-	72,073	28,015
Bank and cash balances	157,868	176,590	54,761	99,858
	426,783	394,934	134,083	127,873
Total assets	507,582	460,345	217,413	211,203
Current liabilities				
Trade payables	141,531	120,555	33	-
Accruals, other payables and deposits received	105,089	110,392	255	6,111
Current tax liabilities	8,881	4,217	-	-
	255,501	235,164	288	6,111
Non-current liabilities				
Deferred tax liabilities	2,058	2,058	-	-
Total liabilities	257,559	237,222	288	6,111
	250,023	223,123	217,125	205,092
Equity attributable to shareholders of the Company				
Share capital	35,500	35,500	35,500	35,500
Reserves	214,523	187,623	181,625	169,592
Total equity	250,023	223,123	217,125	205,092

Note 1: The increase of HK\$21.5 million in Property, plant and equipment of the Group was mainly due to construction-in-progress of new factory premises in Daya Bay, Economy and Technology Development District, Huizhou City, Guangdong Province, PRC.

Note 2: Available-for-sale financial assets held by the Group increased by HK\$ 3.9 million due to placement of principal protected deposit.

Note 3: 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 method, 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 September 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 September 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		The Group	
	6 months ended 30 Sep		3 months ended 30 Sep	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash flows from operating activities				
Profit before tax	55,948	44,045	33,174	24,241
Adjustments for :				
Amortisation of prepaid land lease payments and land use rights	46	0	23	0
Share-based payment expense	31	0	31	0
Depreciation	6,005	5,282	2,995	2,655
(Gain)/Loss on disposals of property, plant and equipment	(167)	(94)	(170)	2
Interest income	(2,974)	(1,540)	(2,050)	(874)
Operating profit before working capital changes	58,889	47,693	34,003	26,024
(Increase)/Decrease in inventories	(20,701)	(7,992)	1,037	13,176
Increase in trade receivables	(23,953)	(35,458)	(19,044)	(38,087)
Increase in prepayments, deposits and other receivables	(2,017)	(4,088)	(1,022)	(2,960)
Increase/(Decrease) in trade payables	20,976	7,878	5,457	(12,455)
(Decrease)/Increase in accruals, other payables and deposits received	(5,303)	22,081	(8,889)	13,092
Cash generated from/(used in) operations	27,891	30,114	11,542	(1,210)
Income tax paid	(2,050)	(644)	0	0
Net cash generated from/(used in) operating activities	25,841	29,470	11,542	(1,210)
Cash flows from investing activities				
Purchase of property, plant and equipment	(21,517)	(4,602)	(14,124)	(1,680)
Purchase of available-for-sale financial assets	(3,900)	(7,758)	0	(7,758)
Proceeds from disposal of property, plant and equipment	245	97	245	1
Interest received	2,974	1,540	2,050	874
Net cash used in investing activities	(22,198)	(10,723)	(11,829)	(8,563)
Cash flows from financing activities				
Dividend paid	(22,365)	0	(22,365)	0
Net cash used in financing activities	(22,365)	0	(22,365)	0
Net (decrease)/increase in cash and cash equivalents	(18,722)	18,747	(22,652)	(9,773)
Cash and cash equivalents at beginning of the period	176,590	76,651	180,520	105,171
Cash and cash equivalents at end of the period	157,868	95,398	157,868	95,398

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							
	Reserves							Total
	Share capital	Share premium	Share-based payment reserve	Translation reserve	Dividend reserve	Retained earnings	Total reserves	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 Apr 2007	35,500	85,591	-	(15)	22,365	79,682	187,623	223,123
Net profit for the period	-	-	-	-	-	49,234	49,234	49,234
Recognition of share-based payment	-	-	31	-	-	-	31	31
Final dividend paid in respect of the previous financial year	-	-	-	-	(22,365)	-	(22,365)	(22,365)
Balance at 30 Sep 2007	35,500	85,591	31	(15)	0	128,916	214,523	250,023
Balance at 1 Apr 2006	130	402	-	(15)	-	74,300	74,687	74,817
Net profit for the period	-	-	-	-	-	39,493	39,493	39,493
Interim dividend	-	-	-	-	-	(20,000)	(20,000)	(20,000)
Balance at 30 Sep 2006	130	402	-	(15)	-	93,793	94,180	94,310
The Company	Reserves							Total
	Share capital	Share premium	Share-based payment reserve	Contribute d surplus	Dividend reserve	Retained earnings	Total reserves	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 Apr 2007	35,500	85,591	-	67,299	22,365	(5,663)	169,592	205,092
Net profit for the period	-	-	-	-	-	34,367	34,367	34,367
Recognition of share-based payment	-	-	31	-	-	-	31	31
Final dividend paid in respect of the previous financial year	-	-	-	-	(22,365)	-	(22,365)	(22,365)
Balance at 30 Sep 2007	35,500	85,591	31	67,299	0	28,704	181,625	217,125

- 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 September 2007, the Company granted share options under the Employee's Share Option Scheme, which are exercisable at S\$0.225. The share option price was set at 19.9% discount of the average of the last dealt prices on the Official List of the SGX-ST for the five consecutive Market Days immediately preceding 8 August 2007, the date of grant of the Options.

As at 30 September 2007, there were 1,000,000 unissued ordinary shares of S\$0.225 each in respect of share options granted (31 March 2007: Nil).

	Ordinary Shares	Employee Share Option Scheme ("ESOS")
Balance at 31 March 2007	355,000,000	0
Additions	0	1,000,000
Balance at 30 September 2007	355,000,000	1,000,000

- 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	
	6 months ended 30 September 2007	6 months ended 30 September 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 13.9 cents	HK 14.6 cents
(b) On a fully diluted basis	HK 13.9 cents	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
Effect of potentially dilutive ordinary shares – Share options	121,930	NIL
Weighted average number of ordinary shares for the purpose of diluted earnings per share	355,121,930	270,000,000

No diluted earnings per share has been presented for the period ended 30 September 2006 as the Group did not have any dilutive potential shares.

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	
	30/9/2007	31/3/2007	30/9/2007	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:	70.4	62.9	61.1	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 – 2Q FY2008 (3 months ended 30 September 2007) vs 2Q FY2007 (3 months ended 30 September 2006)

Revenue

Revenue increased by 27.8% or HK\$55.2 million from HK\$198.3 million for the quarter ended 30 September 2006 to HK\$253.5 million for the quarter ended 30 September 2007. The increase in revenue was attributable to the increase in sales from DYMO, PHILIPS, GRACO and TRANSACT, customers from both OEM and ODM segments.

OEM revenue increased by 27.0% to HK\$184.1 million (2Q FY2007: HK\$145.0 million). The increase was mainly due to increased demand from our existing major customers that comprises recently added customer under the PHILIPS Group, and the increased sales from DYMO and TRANSACT.

ODM revenue increased by 30.2% to HK\$69.4 million (2Q FY2007: HK\$53.3 million), aided by the increased sales contribution of GRACO's baby monitor and Energizer's portable battery chargers.

Gross profit and gross profit margin

Gross profit increased by 37.7% to HK\$53.1 million (2Q FY2007: HK\$38.5 million). This was mainly due to higher revenue contributions and new revenue streams from recently acquired customers. Gross profit margin increased by to 20.9% (2Q FY2007: 19.4%) due to changes in sales mix.

Other income

Other income increased by 22.1% to HK\$2.7 million (2Q FY2007: HK\$2.2 million). This increase was attributed to higher interest income during the period.

Selling and distribution costs

Selling and distribution costs increased by 20.1% to HK\$5.2 million (2Q FY2007: HK\$4.3 million). This was mainly due to an increase in sales commission paid to our sales representatives, which is in line with the increased marketing efforts to boost the overall sales of the Group.

Administrative expenses

Administrative expenses increased by 15.8% to HK\$17.3 million (2Q FY2007: HK\$15.0 million), due to the annual salaries increment for staff, bonus provisions and also 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 36.9% to HK\$ 33.2 million (2Q FY2007: HK\$ 24.2 million).

Review – 1H FY2008 (6 months ended 30 September 2007) vs 1H FY2007 (6 months ended 30 September 2006)**Revenue**

Revenue increased by 20.3% or HK\$74.3 million from HK\$365.5 million for the six months ended 30 September 2006 to HK\$439.8 million for the six months ended 30 September 2007. The increase in revenue was attributable to the increase in sales contributed from DYMO, PHILIPS, GRACO and TRANSACT, customers from both OEM and ODM segments.

OEM revenue increase by 25.6% to HK\$319.4 million (1H FY2007: HK\$254.4 million). The increase was attributed to contributions from our existing major customers that comprises recently added customer under the PHILIPS Group, and the increased sales from DYMO and TRANSACT.

ODM revenue increased by 8.4% to HK\$120.4 million (1H FY2007: HK\$111.1 million). The increase was mainly due to the commencement of shipment of GRACO's baby monitor since December 2006 and Energizer's portable battery chargers.

Gross profit and gross profit margin

Gross profit increased by 22.2% to HK\$93.3 million (1H FY2007: HK\$76.3 million) due mainly to new revenue streams from new customer and the increased sales from existing major customers. The changes in sales mix also attributed to the increase of gross profit margin to 21.2% (1H FY2007: 20.9%).

Other income

Other income increased by 32.9% to HK\$5.5 million (1H FY2007: HK\$4.1 million). This increase was mainly due to the exchange gain on IPO proceeds of approximately HK\$1 million and higher interest income earned during the period.

Selling and distribution costs

Selling and distribution costs increased by 20.8% to HK\$9.9 million (1H FY2007: HK\$8.2 million). This was mainly due to an increase in sales commission paid to our sales representatives, which is in line with the increased marketing efforts to boost the overall sales of the Group.

Administrative expenses

Administrative expenses increased by 12.8% to HK\$33.0 million (1H FY2007: HK\$29.2 million). This was mainly due to the annual increment for staff, bonus provisions for the year and also 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 27.0% to HK\$55.9 million (1H FY2007: HK\$44.0 million).

Financial position

Cash position remains strong. The Group's Inventory balance increased by HK\$20.7 million from HK\$69.2 million as at 31 March 2007 to HK\$89.9 million as at 30 September 2007. The increase was mainly due to higher levels of raw materials and work in progress which are required to meet customer demands in Q3 FY2008.

The Group's trade receivables increased by about HK\$24.0 million from HK\$131.6 million to HK\$155.6 million. This is in-line with the increase in sales.

Cash Flow Statement

Cash and cash equivalents held by the Group decreased by HK\$18.7 million from HK\$176.6 million as at 31 March 2007 to HK\$157.9 million as at 30 September 2007. The net decrease in cash and cash equivalent was due to the payment of final dividends in respect of the previous financial year, outflow for investing activities such as construction of new plant, purchase of equipment, partially off-set by cash inflow from operating activities.

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.

Global Economic Environment

Despite of recent concerns over the US subprime mortgage crisis and its impact on US consumer demand, the Directors still believe that the Group will be able to weather any potential downturn.

This is because Valuetronics' customers are global brand names and leaders in their respective industry segments. For example, TRANSACT is a global technology and market leader in providing systems for gaming machines, whereas Philips is a market leader in domestic and personal care products and distributes their products globally.

Nonetheless, the operating landscape for the EMS sector remains competitive and demanding. To overcome the challenging competitive environment, the Group will continue to ensure it is in the forefront of design and development of new products in partnership with its customers. It intends to continue focusing on acquiring top tier customers who are leaders in their industry segments.

As the Group had successfully attained the ISO13485 certification in April 2007, it had been exploring entry into the medical device manufacturing. This will add to its current customer sectors which are consumer electronics, industrial electronics and telecommunications. As longer gestation time is needed for the Group to be qualified as an approved supplier in medical device manufacturing, future announcement would be made should manufacturing contracts materialise from these initial exploratory efforts.

Regulatory Environment in the PRC

The Directors would like to take this opportunity to inform the investing public that a new labour law enacted in the People's Republic of China ("PRC") is likely to affect the Group's payroll cost. From 1 January 2008, every employee who has served more than 12 months will receive a mandatory extra one month pay, termed as economic benefit. This is part of the PRC government's drive to raise labour conditions.

The Group's payroll cost is currently less than 5 percent of its total sales. Nonetheless, the Group will continually drive efficiency and raise productivity in order to counter the impact of this new policy.

Barring unforeseen circumstances, the Group expects to remain profitable in FY2008.

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 September 2007, the Group has utilized approximately S\$2.7 million for the first phase of construction of factory premises at Daya Bay and S\$0.7 million to acquire machinery and equipment.

BY ORDER OF THE BOARD

TSE Chong Hing
Chairman and Managing Director
13 November 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 2Q 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.