



Business Update – Effects of Flooding in Southern China on Danshui Plant

The Board of Directors of Valuetronics Holdings Limited (“Valuetronics” or the “Group”) would like to provide a business update on the operational impact of the recent flooding in Southern China on its manufacturing facility located in Danshui Town, Huiyang District, Huizhou City, Guangdong Province, Peoples’ Republic of China (“PRC”) (“Danshui Plant”).

Due to unexpected heavy torrential rain over the past few days in Southern China, flash flood had taken place at the Danshui Plant affecting several of its key production lines. The affected areas include the plastic injection moulding lines, metal machining center, tooling fabrication center and computer data center.

In addition, the flash flood has also caused power outages and this resulted in temporary work stoppages at the Danshui Plant. Nonetheless, the management and staff at Danshui Plant are all safe from the hazards caused by the flood. The flood water has since receded.

The Board wishes to highlight that, while the impact assessment of the flooding is still being carried out, it estimates the Group would require more than a week to resume some manufacturing operations at the Danshui Plant. The Board would like to assure the public that every measure is being taken by the management to ensure the safety and security of all its employees, the minimal loss of property and equipment, as well as the expeditious resumption of operations.

In line with our commitment to transparency, the Board will provide further updates on the effects of flooding on the Danshui Plant, whenever new information is available.

By Order of the Board

Mr Tse Chong Hing
Chairman and Managing Director
16 June 2008