

VALUETRONICS HOLDINGS LIMITED

(Incorporated in Bermuda)

(Co. Reg. No: 38813)

FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2008**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 30 June | | |
| | 2008 | 2007 | Change |
| | HK\$'000 | HK\$'000 | % |
| Revenue | 235,121 | 186,277 | 26.2% |
| Cost of Sales | (189,910) | (146,033) | 30.0% |
| Gross Profit | 45,211 | 40,244 | 12.3% |
| Other income | 251 | 2,768 | -90.9% |
| Selling and distribution costs | (5,013) | (4,637) | 8.1% |
| Administrative expenses | (16,456) | (15,618) | 5.4% |
| Net other operating gain | - | 115 | -100% |
| Profit From Operations | 23,993 | 22,872 | 4.9% |
| Finance costs | (120) | (98) | 22.4% |
| Profit Before Tax | 23,873 | 22,774 | 4.8% |
| Income tax expense | (2,865) | (2,733) | 4.8% |
| Profit attributable to shareholders of the Company | 21,008 | 20,041 | 4.8% |

Note:

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

| | The Group | |
|---|------------------------|----------|
| | 3 months ended 30 June | |
| | 2008 | 2007 |
| | HK\$'000 | HK\$'000 |
| Depreciation | 3,546 | 3,010 |
| Amortisation of prepaid land lease payments and land use rights | 119 | 23 |
| Gain on disposals of property, plant and equipment | - | 3 |
| Reversal for doubtful debts | - | (115) |
| Interest income | (860) | (924) |
| Bank charges | 120 | 98 |
| Exchange loss/(gain) | 1,050 | (1,036) |

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 30.6.2008 | At 31.3.2008 | At 30.6.2008 | At 31.3.2008 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Non-current assets | | | | |
| Prepaid land lease payments and land use rights | 23,960 | 24,079 | - | - |
| Property, plant and equipment | 105,387 | 97,216 | - | - |
| Investments in subsidiaries | - | - | 83,330 | 83,330 |
| Club membership, at cost | 200 | 200 | - | - |
| Long term receivables (Note 1) | 3,220 | 2,090 | - | - |
| | 132,767 | 123,585 | 83,330 | 83,330 |
| Current assets | | | | |
| Available-for-sale financial assets (Note 2) | 11,650 | 3,850 | - | - |
| Inventories | 134,497 | 110,378 | - | - |
| Trade receivables | 159,116 | 135,577 | - | - |
| Prepaid land lease payments and land use rights | 525 | 525 | - | - |
| Prepayments, deposits and other receivables (Note 3) | 29,430 | 6,304 | 98 | 217 |
| Long term receivables – current portion (Note 1) | 550 | 550 | - | - |
| Due from subsidiaries | - | - | 109,884 | 110,300 |
| Bank and cash balances | 170,132 | 181,691 | 23,441 | 23,945 |
| | 505,900 | 438,875 | 133,423 | 134,462 |
| Total assets | 638,667 | 562,460 | 216,753 | 217,792 |
| Current liabilities | | | | |
| Trade payables | 155,545 | 120,565 | - | - |
| Accruals, other payables and deposits received | 153,608 | 136,305 | 1,723 | 1,635 |
| Current tax liabilities | 9,501 | 6,636 | - | - |
| | 318,654 | 263,506 | 1,723 | 1,635 |
| Non-current liabilities | | | | |
| Deferred tax liabilities | 1,371 | 1,371 | - | - |
| Total liabilities | 320,025 | 264,877 | 1,723 | 1,635 |
| | 318,642 | 297,583 | 215,030 | 216,157 |
| Equity attributable to shareholders of the Company | | | | |
| Share capital | 35,500 | 35,500 | 35,500 | 35,500 |
| Reserves | 283,142 | 262,083 | 179,530 | 180,657 |
| Total equity | 318,642 | 297,583 | 215,030 | 216,157 |

Note 1: The increase of HK\$1.1 million in Long Term Receivable was due to a new deposit placed to a vocational training school in PRC, for the provision of on-the-job training to selected students. These receivables are interest-free and guaranteed by the legal representatives of the vocational schools.

Note 2: Available-for-sale financial assets held by the Group increased by HK\$7.8 million due to placement of principal protected deposit.

Note 3: The increased in Prepayments, deposits and other receivables is mainly due to payment made to equipment suppliers in respect of the new Daya Bay facilities.

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 2008 | | As at 31 March 2008 | |
|--------------------|-----------|---------------------|-----------|
| 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 2008 | | As at 31 March 2008 | |
|--------------------|-----------|---------------------|-----------|
| 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 | |
| | 2008 | 2007 |
| | HK\$'000 | HK\$'000 |
| Cash flows from operating activities | | |
| Profit before tax | 23,873 | 22,774 |
| Adjustments for : | | |
| Amortisation of prepaid land lease payments and land use rights | 119 | 23 |
| Equity-settled share-based payments | 51 | - |
| Depreciation | 3,546 | 3,010 |
| Gain on disposals of property, plant and equipment | - | 3 |
| Interest income | (860) | (924) |
| Operating profit before working capital changes | 26,729 | 24,886 |
| Increase in long term receivable | (1,130) | - |
| Increase in inventories | (24,119) | (21,738) |
| Increase in trade receivables | (23,539) | (4,909) |
| Increase in prepayments, deposits and other receivables | (23,126) | (995) |
| Increase in trade payables | 34,980 | 15,519 |
| Increase in accruals, other payables and deposits received | 17,303 | 3,586 |
| Cash generated from operations | 7,098 | 16,349 |
| Income tax paid | - | (2,050) |
| Net cash generated from operating activities | 7,098 | 14,299 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (11,717) | (7,393) |
| Purchase of available-for-sale financial assets | (7,800) | (3,900) |
| Interest received | 860 | 924 |
| Net cash used in investing activities | (18,657) | (10,369) |
| (Decrease)/increase in cash and cash equivalents | (11,559) | 3,930 |
| Cash and cash equivalents at beginning of the period | 181,691 | 176,590 |
| Cash and cash equivalents at end of the period | 170,132 | 180,520 |

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 | Statutory reserve (note 1) | Retained earnings | Total reserves | |
| HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | |
| Balance at 1 April 2008 | 35,500 | 85,591 | 130 | 6,141 | - | 94 | 170,127 | 262,083 | 297,583 |
| Net profit for the period | - | - | - | - | - | - | 21,008 | 21,008 | 21,008 |
| Share-based payments | - | - | 51 | - | - | - | - | 51 | 51 |
| Balance at 30 June 2008 | 35,500 | 85,591 | 181 | 6,141 | - | 94 | 191,135 | 283,142 | 318,642 |
| 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 |
| The Company | Reserves | | | | | | | | |
| | Share capital | Share premium | Share-based payment reserve | Contributed surplus | Dividend reserve | Retained earnings | Total reserves | Total | |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | |
| Balance at 1 April 2008 | 35,500 | 85,591 | 130 | 67,239 | - | 27,697 | 180,657 | 216,157 | |
| Net loss for the period | - | - | - | - | - | (1,178) | (1,178) | (1,178) | |
| Share-based payments | - | - | 51 | - | - | - | 51 | 51 | |
| Balance at 30 June 2008 | 35,500 | 85,591 | 181 | 67,239 | - | 26,519 | 179,530 | 215,030 | |
| Balance at 1 April 2007 | 35,500 | 85,591 | - | 67,299 | 22,365 | (5,663) | 169,592 | 205,092 | |
| 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 | |

Note 1: The statutory reserve of the Group refers to the PRC statutory reserve fund. Appropriations to such reserve fund are made out of profit after tax as recorded in the statutory financial statements of the PRC subsidiaries. The amount should not be less than 10% of the profit after tax as recorded in the statutory financial statements unless the aggregate amount exceeds 50% of the registered capital of the PRC subsidiaries. The statutory reserve can be used to make up prior years' losses of the PRC subsidiaries.

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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, 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.

As at 30 June 2008, there were 800,000 unissued ordinary shares of S\$0.225 each in respect of share options granted (30 June 2007: Nil).

| | Ordinary Shares | Employee Share Option Scheme ("ESOS") |
|------------------------------------|-----------------|---------------------------------------|
| Balance at 31 March 2008 | 355,000,000 | 1,000,000 |
| Lapsed/cancelled during the period | - | (200,000) |
| Balance at 30 June 2008 | 355,000,000 | 800,000 |

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

See 1(d)(ii) above.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable

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 2008.

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 2008 | 3 months ended 30 June 2007 |
| 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 5.9 cents | HK 5.6 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 | 355,000,000 |
| Effect of potentially dilutive ordinary shares – Share options | N/A | N/A |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | 355,000,000 | 355,000,000 |

The effects of all potential ordinary shares are anti-dilutive for the 3 months ended 30 June 2008.

No diluted earnings per share has been presented for the 3 months ended 30 June 2007 as the Group did not have any dilutive potential shares.

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

| | The Group | | The Company | |
|--|-------------|-------------|-------------|-------------|
| | 30.6.2008 | 31.3.2008 | 30.6.2008 | 31.3.2008 |
| | 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: | 89.8 | 83.8 | 60.6 | 60.9 |
| 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.**

Revenue

Revenue increased by 26.2% or HK\$48.8 million from HK\$186.3 million for the quarter ended 30 June 2007 to HK\$235.1 million for the quarter ended 30 June 2008. The increase in revenue was attributable to the increase in OEM segment.

OEM revenue increased by 39.9% to HK\$189.3 million (1Q FY2008: HK\$135.3 million). The increase was mainly due to increased demand from our major customers.

ODM revenue decreased by 10.2% to HK\$45.8 million (1Q FY2008: HK\$51.0 million). The decrease was mainly due to decrease in sales from one of our major customers.

Gross profit and gross profit margin

Gross profit increased by 12.3% to HK\$45.2 million (1Q FY2008: HK\$40.2 million) due mainly to higher sales.

Gross profit margin decreased by 2.4% to 19.2% (1Q FY2008: 21.6%). The decrease in gross profit margin was mainly due to a change in sales mix and an increase in commodity price and PRC labour cost.

Other income

Other income decreased by 90.9% to HK\$0.3 million (1Q FY2008: HK\$2.8 million). This was mainly due to the exchange loss of approximately HK\$1.1 million during the period (1Q FY2008: HK\$1.0 million exchange gain).

Selling and distribution costs

Selling and distribution costs increased by 8.1% to HK\$5.0 million (1Q FY2008: HK\$4.6 million). This was mainly due to an increase in sales commission paid to our sales representatives.

Administrative expenses

Administrative expenses increased by 5.4% to HK\$16.5 million (1Q FY2008: HK\$15.6 million). This was mainly due to higher staff costs as compared with corresponding period last year.

Profit before tax

As a result of the above, on a year-on-year basis, profit before income tax increased by 4.8% to HK\$23.9 million (1Q FY2008: HK\$22.8 million).

Financial position

The Group's Inventory balance increased by HK\$24.1 million from HK\$110.4 million as at 31 March 2008 to HK\$134.5 million as at 30 June 2008. The increase was in line with our sales growth and the Group has built up certain buffer stocks for production suspension when the Group gradually moves certain production facilities from the existing factory to its new factory premises in Daya Bay site.

The Group's trade receivables increased by HK\$23.5 million from HK\$135.6 million to HK\$159.1 million. This is in line with the increase in sales.

Cash Flow Statement

Cash and cash equivalents held by the Group stood at HK\$170.1 million as at 30 June 2008 (31 March 2008: HK\$181.7 million). The net decrease in cash and cash equivalent was mainly due to deposits and payments for purchase of machinery and equipment.

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

The 1Q FY2009 announcement is in line with the prospect statement disclosed to shareholders in the FY2008 results announcement.

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.

Due to unexpected heavy torrential rain in Southern China, the Group's manufacturing facility located in Danshui was flooded on 13 June 2008. This flood had quickly receded the next day.

Several key production lines were affected, including the plastic injection moulding lines, metal machining centre, tooling fabrication centre and computer data centre. The flood resulted in power outages and caused temporary work stoppages. The affected production lines and computer data centre resumed operation within a week.

The Group has insurance cover for material and property losses arising from the flooding. The 1Q FY2009 result did not include material and property losses, and the possible insurance recovery. The Group expects to have a reliable estimate of the financial impact of these losses and recovery in the later part of the year.

The operating landscape remains competitive and demanding. The appreciation of the RMB against USD, spikes in commodity prices, rising inflation in the PRC and the newly effective China Labour Contract Law pushed up labour and material costs as well as other manufacturing overheads. Starting mid July, some of the projects previously produced in Danshui plant have been transferred to Daya Bay plant where we have a more effective shop floor arrangement to raise productivity so as to alleviate the impact of rising costs.

The Group will stay focused on being at the forefront of design and development of new products in partnership with its customers. The Group will start manufacturing and shipping energy saving LED luminaries for a major customer in 2Q FY2009. This is one of several new projects derived from our proactive design and development collaboration with customers.

Barring unforeseen circumstances, the directors expect the Group 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.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not Applicable

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not Applicable

15. A breakdown of sales.

Not Applicable

- 16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not Applicable

- 17. Interested Person Transactions ("IPTs")**

Not Applicable

- 18. Use of IPO Proceeds**

Up to 30 June 2008, the remaining sum of IPO proceeds of approximately S\$3.2 million, for the first phase of construction of factory premises at Daya Bay site and purchase of machinery and equipment has been fully utilized.

BY ORDER OF THE BOARD

TSE Chong Hing

**Chairman and Managing Director
11 August 2008**

Confirmation By Directors Pursuant to Clause 705(4) of the Listing Manual of SGX-ST.

We, Tse Chong Hing and Chow Kok Kit, being two Directors of Valuetronics Holdings Limited (the "Company"), confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the first quarter ended 30 June 2008 to be false or misleading in any material aspect.

For and 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.