

VALUETRONICS HOLDINGS LIMITED

(Incorporated in Bermuda)

(Co. Reg. No: 38813)

THIRD QUARTER AND NINE MONTHS FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 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		
	9 months ended 31 December			3 months ended 31 December		
	2007	2006	Change	2007	2006	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Revenue	679,303	547,562	24.1	239,503	182,017	31.6
Cost of Sales	(540,606)	(432,349)	25.0	(194,110)	(143,136)	35.6
Gross Profit	138,697	115,213	20.4	45,393	38,881	16.7
Other income	7,380	7,880	-6.3	1,882	3,743	-49.7
Selling and distribution costs	(14,645)	(12,668)	15.6	(4,792)	(4,513)	6.2
Administrative expenses	(50,855)	(44,750)	13.6	(17,894)	(15,522)	15.3
Net other operating gain	121	1,997	-93.9	-	875	-100
Profit From Operations	80,698	67,672	19.2	24,589	23,464	4.8
Finance costs	(241)	(251)	-4.0	(80)	(88)	-9.1
Profit Before Tax	80,457	67,421	19.3	24,509	23,376	4.8
Income tax expense	(9,655)	(6,912)	39.7	(2,941)	(2,360)	24.6
Profit attributable to shareholders of the Company	70,802	60,509	17.0	21,568	21,016	2.6

Note:

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

	The Group		The Group	
	9 months ended 31 Dec		3 months ended 31 Dec	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation	9,155	8,039	3,150	2,757
Amortisation of prepaid land lease payments and land use rights	69	27	23	27
Gain on disposals of property, plant and equipment	(429)	(242)	(262)	(148)
Reversal of inventories obsolescence	-	(2,184)	-	(168)
(Reversal)/Allowance for doubtful debts	(121)	187	-	(707)
Listing expenses	-	2,000	-	-
Interest income	(5,232)	(2,608)	(2,258)	(1,068)
Bank charges	239	248	79	85
Exchange loss/(gain)	201	(323)	1,147	(126)

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 31.12.2007	At 31.3.2007	At 31.12.2007	At 31.3.2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Prepaid land lease payments and land use rights	18,175	18,244	-	-
Property, plant and equipment (Note 1)	83,055	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	2,424	2,000	-	-
	103,854	65,411	83,330	83,330
Current assets				
Available-for-sale financial assets	11,620	11,610	-	-
Inventories	98,136	69,197	-	-
Trade receivables	156,661	131,624	-	-
Prepaid land lease payments and land use rights	392	392	-	-
Prepayments, deposits and other receivables	9,376	5,521	26,125	-
Due from subsidiaries	-	-	52,858	28,015
Bank and cash balances	157,318	176,590	55,075	99,858
	433,503	394,934	134,058	127,873
Total assets	537,357	460,345	217,388	211,203
Current liabilities				
Trade payables	139,311	120,555	-	-
Accruals, other payables and deposits received	112,526	110,392	929	6,111
Current tax liabilities	11,822	4,217	-	-
	263,659	235,164	929	6,111
Non-current liabilities				
Deferred tax liabilities	2,058	2,058	-	-
Total liabilities	265,717	237,222	929	6,111
	271,640	223,123	216,459	205,092
Equity attributable to shareholders of the Company				
Share capital	35,500	35,500	35,500	35,500
Reserves	236,140	187,623	180,959	169,592
Total equity	271,640	223,123	216,459	205,092

Note 1: The increase of HK\$44.2 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: 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 31 December 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 31 December 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	
	9 months ended 31 Dec		3 months ended 31 Dec	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash flows from operating activities				
Profit before tax	80,457	67,421	24,509	23,376
Adjustments for :				
Amortisation of prepaid land lease payments and land use rights	69	27	23	27
Share-based payment expense	80	-	49	-
Depreciation	9,155	8,039	3,150	2,757
Gain on disposals of property, plant and equipment	(429)	(242)	(262)	(148)
Interest income	(5,232)	(2,608)	(2,258)	(1,068)
Operating profit before working capital changes	84,100	72,637	25,211	24,944
Increase in prepaid land lease payments and land use rights	-	(9,111)	-	(9,111)
Increase in inventories	(28,939)	(28,534)	(8,238)	(20,542)
(Increase)/Decrease in trade receivables	(25,037)	(34,856)	(1,084)	602
Increase in prepayments, deposits and other receivables	(3,854)	(7,626)	(1,837)	(3,538)
Increase/(Decrease) in trade payables	18,756	32,569	(2,220)	24,691
Increase/(Decrease) in accruals, other payables and deposits received	2,134	11,957	7,437	(10,124)
Cash generated from/(used in) operations	47,160	37,036	19,269	6,922
Income tax paid	(2,050)	(689)	-	(45)
Net cash generated from/(used in) operating activities	45,110	36,347	19,269	6,877
Cash flows from investing activities				
Purchase of property, plant and equipment	(47,807)	(12,609)	(26,290)	(8,007)
Purchase of available-for-sale financial assets	(23,626)	(7,758)	(19,726)	-
Proceeds from disposal of available-for-sale financial assets	23,616	-	23,616	-
Proceeds from disposal of property, plant and equipment	568	247	323	150
Interest received	5,232	2,608	2,258	1,068
Net cash used in investing activities	(42,017)	(17,512)	(19,819)	(6,789)
Cash flows from financing activities				
Dividend paid	(22,365)	-	-	-
Net cash used in financing activities	(22,365)	-	-	-
Net (decrease)/increase in cash and cash equivalents	(19,272)	18,835	(550)	88
Cash and cash equivalents at beginning of the period	176,590	76,651	157,868	95,398
Cash and cash equivalents at end of the period	157,318	95,486	157,318	95,486

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	-	-	-	-	-	70,802	70,802	70,802
Recognition of share-based payment	-	-	80	-	-	-	80	80
Final dividend paid in respect of the previous financial year	-	-	-	-	(22,365)	-	(22,365)	(22,365)
Balance at 31 Dec 2007	35,500	85,591	80	(15)	0	150,484	236,140	271,640
Balance at 1 Apr 2006	130	402	-	(15)	-	74,300	74,687	74,817
Net profit for the period	-	-	-	-	-	60,509	60,509	60,509
Interim dividend	-	-	-	-	-	(20,000)	(20,000)	(20,000)
Balance at 31 Dec 2006	130	402	-	(15)	-	114,809	115,196	115,326
The Company	Reserves							Total
	Share capital	Share premium	Share-based payment reserve	Contributed 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	-	-	-	-	-	33,652	33,652	33,652
Recognition of share-based payment	-	-	80	-	-	-	80	80
Final dividend paid in respect of the previous financial year	-	-	-	-	(22,365)	-	(22,365)	(22,365)
Balance at 31 Dec 2007	35,500	85,591	80	67,299	-	27,989	180,959	216,459

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.

During the three months ended 31 December 2007, the Company did not allot nor issue any shares under the Employee's Share Option Scheme.

As at 31 December 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 31 December 2007	355,000,000	1,000,000

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.

Not applicable

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 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	
	9 months ended 31 December 2007	9 months ended 31 December 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 19.9 cents	HK 22.4 cents
(b) On a fully diluted basis	HK 19.9 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	332,103	NIL
Weighted average number of ordinary shares for the purpose of diluted earnings per share	355,332,103	270,000,000

No diluted earnings per share has been presented for the period ended 31 December 2006 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	
	31/12/2007	31/3/2007	31/12/2007	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:	76.5	62.9	61.0	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 – 3Q FY2008 (3 months ended 31 December 2007) vs 3Q FY2007 (3 months ended 31 December 2006)

Revenue

Revenue increased by 31.6% or HK\$57.5 million from HK\$182.0 million for the quarter ended 31 December 2006 to HK\$239.5 million for the quarter ended 31 December 2007. The increase in revenue was attributable to the increase in sales from Philips, Graco, Sensitech and Hemisphere, customers from both OEM and ODM segments.

OEM revenue increased by 44.7% to HK\$191.1 million (3Q FY2007: HK\$132.1 million). The increase was mainly due to increased demand from our existing major customers that comprise recently added customer under the Philips Group.

ODM revenue decreased by 3% to HK\$48.4 million (3Q FY2007: HK\$49.9 million). The decrease was mainly due to decrease in sales from one of our major ODM customers. However, this was moderated by the increased sales contribution of Graco's baby monitor and portable battery chargers for private label customers.

Gross profit and gross profit margin

Gross profit increased by 16.7% to HK\$45.4 million (3Q FY2007: HK\$38.9 million). This was mainly due to higher revenue contributions and new revenue streams from recently acquired customers. Gross profit margin decreased to 19.0% (3Q FY2007: 21.4%) due to changes in sales mix and provision for economic compensation in accordance with the new China Labour Contract Law (see section 10).

Other income

Other income decreased by 49.7% to HK\$1.9 million (3Q FY2007: HK\$3.7 million). This decrease was attributed to exchange loss and less tooling income earned during the period. The Group recorded an exchange loss of HK\$1.1 million (3Q FY2007: HK\$0.1 million exchange gain) due to the exchange loss arising from the settlement of Japanese Yen trade payables.

Selling and distribution costs

Selling and distribution costs increased by 6.2% to HK\$4.8 million (3Q FY2007: HK\$4.5 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 15.3% to HK\$17.9 million (3Q FY2007: HK\$15.5 million), due to the annual salaries increment for staff, bonus provisions, increased administrative costs related to operating as a public company, and provision for economic compensation in accordance with the new China Labour Contract Law (see section 10).

Profit before tax

As a result of the above, profit before tax increased by 4.8% to HK\$24.5 million (3Q FY2007: HK\$23.4 million).

Review – 9 months FY2008 (9 months ended 31 December 2007) vs 9 months FY2007 (9 months ended 31 December 2006)**Revenue**

Revenue increased by 24.1% or HK\$131.7 million from HK\$547.6 million for the nine months ended 31 December 2006 to HK\$679.3 million for the nine months ended 31 December 2007. The increase in revenue was mainly attributable to the increase in sales contributed from Dymo, Philips, Graco and Transact, customers from both OEM and ODM segments.

OEM revenue increased by 32% to HK\$510.5 million (9 months FY2007: HK\$386.6 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 4.8% to HK\$168.8 million (9 months FY2007: HK\$161.0 million). The increase was mainly due to the shipment of new models of Graco's baby monitor and portable battery chargers for private label customers.

Gross profit and gross profit margin

Gross profit increased by 20.4% to HK\$138.7 million (9 months FY2007: HK\$115.2 million) was mainly due to new revenue streams from new customers and the increased sales from existing major customers. The changes in sales mix and provision for economic compensation in accordance with the new China Labour Contract Law (see section 10) attributed to the slight decrease of gross profit margin to 20.4% (9 months FY2007: 21.0%).

Other income

Other income decreased by 6.3% to HK\$7.4 million (9 months FY2007: HK\$7.9 million). This decrease was mainly due to less tooling income earned during the period.

Selling and distribution costs

Selling and distribution costs increased by 15.6% to HK\$14.6 million (9 months FY2007: HK\$12.7 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 13.6% to HK\$50.9 million (9 months FY2007: HK\$44.8 million). This was mainly due to the annual increment for staff, bonus provisions for the year, increased administrative costs related to operating as a public company, and provision for economic compensation in accordance with the new China Labour Contract Law (see section 10).

Profit before tax

As a result of the above, profit before tax increased by 19.3% to HK\$80.5 million (9 months FY2007: HK\$67.4 million).

Financial position

Cash position remains strong. The Group's inventory balance increased by HK\$28.9 million from HK\$69.2 million as at 31 March 2007 to HK\$98.1 million as at 31 December 2007. The increase was mainly due to higher levels of raw materials and work in progress which are required to meet customer demands in Q4 FY2008.

The Group's trade receivables increased by about HK\$25.1 million from HK\$131.6 million to HK\$156.7 million. This is in-line with the increase in sales.

Cash Flow Statement

Cash and cash equivalents held by the Group decreased by HK\$19.3 million from HK\$176.6 million as at 31 March 2007 to HK\$157.3 million as at 31 December 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, was 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 recent concerns over the US subprime mortgage crisis and its potential impact on US consumer demand, the Directors believe that the Group will be able to weather market slowdown, if any.

This is because Valuetronics' customers are global brand names and leaders in their respective industry segments. Their markets are worldwide and diversified. For example, Transact is a global technology and market leader in providing transaction printers used in gaming and lottery industry; 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.

Regulatory Environment in the PRC

The Directors would like to take this opportunity to inform the investing public that a new Labour Contract Law enacted in the People's Republic of China ("PRC") became effective on 1 January 2008. Every employee who has served more than 12 months will receive a mandatory extra one month pay, termed as economic compensation. This is part of the PRC government's drive to raise labour conditions.

In respect of the new PRC Labour Contract Law, in 3Q FY08 the Group has provided HK\$6.4 million provision for economic compensation for workers and staff of the Group's PRC subsidiary and Processing Enterprise with whom the Group have entered into a processing/sub-contract arrangement. 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 performance in FY08 to be better than FY07

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")

Not Applicable

14. Use of IPO Proceeds

Up to 31 December 2007, the Group has utilized approximately S\$4.5 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
30 January 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 3Q FY2008 financial results 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.