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**First Quarter Results \* Financial Statement And Related Announcement**

\* Asterisks denote mandatory information


Name of Announcer *	VALUETRONICS HOLDINGS LIMITED
Company Registration No.	38813
Announcement submitted on behalf of	VALUETRONICS HOLDINGS LIMITED
Announcement is submitted with respect to *	VALUETRONICS HOLDINGS LIMITED
Announcement is submitted by *	Tse Chong Hing
Designation *	Chairman & Managing Director
Date & Time of Broadcast	12-Aug-2011 07:10:41
Announcement No.	00020

**>> Announcement Details**

The details of the announcement start here ...

For the Financial Period Ended *	30-06-2011
Description	PLEASE SEE ATTACHED

**Attachments**

 [Valuetronics-1Q2012-Results.pdf](#)  
 Total size = **148K**  
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**VALUETRONICS HOLDINGS LIMITED**(Incorporated in Bermuda)  
(Co. Reg. No: 38813)**FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2011****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.****Consolidated Income Statement for the period ended 30 June 2011**

	The Group		
	3 months ended 30 June		
	2011	2010	Change
	HK\$'000	HK\$'000	%
<b>Revenue</b>	527,085	395,119	33.4
Cost of sales	(442,920)	(329,193)	34.5
<b>Gross profit</b>	<b>84,165</b>	<b>65,926</b>	<b>27.7</b>
Other income	2,290	3,749	-38.9
Selling and distribution costs	(18,689)	(14,893)	25.5
Administrative expenses	(30,114)	(20,456)	47.2
Other operating loss	-	(1,280)	-100.0
<b>Profit from operations</b>	<b>37,652</b>	<b>33,046</b>	<b>13.9</b>
Finance costs	(481)	(199)	141.7
<b>Profit before tax</b>	<b>37,171</b>	<b>32,847</b>	<b>13.2</b>
Income tax expense	(5,523)	(3,943)	40.1
<b>Profit for the period</b>	<b>31,648</b>	<b>28,904</b>	<b>9.5</b>
<b>Attributable to:</b>			
Owners of the Company	31,648	28,904	9.5

**Consolidated Statement of Comprehensive Income for the period ended 30 June 2011**

	The Group		
	3 months ended 30 June		
	2011	2010	Change
	HK\$'000	HK\$'000	%
<b>Profit for the period</b>	<b>31,648</b>	<b>28,904</b>	<b>9.5</b>
<b>Other comprehensive income:</b>			
Exchange differences on translating foreign operations	2,472	-	N/A
Fair value changes of available-for-sale financial assets	-	45	-100.0
<b>Other comprehensive income for the period, net of tax</b>	<b>2,472</b>	<b>45</b>	<b>5,393.3</b>
<b>Total comprehensive income for the period</b>	<b>34,120</b>	<b>28,949</b>	<b>17.9</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	34,120	28,949	17.9

**Note:**

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

	The Group	
	3 months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Depreciation (Note 1)	9,636	6,911
Amortisation of prepaid land lease payments and land use rights	119	96
Loss on disposals of property, plant and equipment	42	-
Interest income	(36)	(107)
Interest expenses	161	1
Bank charges	320	198
Net realised exchange gains	(496)	(2,076)
Net fair value losses on derivative financial instruments (Note 2)	-	1,280

Note 1: Higher depreciation during the period was mainly due to higher depreciation effects for new property, plant and equipment acquired during the second half of the financial year ended 31 March 2011.

Note 2: The Group entered into certain foreign exchange forward contracts to hedge against its exposure to Renminbi and Japanese Yen during the period ended 30 June 2010. The net fair value losses on derivative financial instruments represented the unrealised losses and mark-to-market values of these contracts as at period end date. No such contracts have been entered into by the Group during the period ended 30 June 2011.

**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.**

**Statements of Financial Position as at 30 June 2011**

	The Group		The Company	
	At 30.6.2011	At 31.3.2011	At 30.6.2011	At 31.3.2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Non-current assets</b>				
Prepaid land lease payments and land use rights	21,460	20,873	-	-
Property, plant and equipment	206,710	211,538	-	-
Goodwill	10	10	-	-
Investments in subsidiaries	-	-	83,330	83,330
Club membership, at cost	242	238	-	-
	228,422	232,659	83,330	83,330
<b>Current assets</b>				
Inventories	321,399	213,033	-	-
Trade receivables	462,184	430,785	-	-
Prepaid land lease payments and land use rights	119	467	-	-
Prepayments, deposits and other receivables	13,693	18,020	157	259
Long term receivables – current portion	242	238	-	-
Due from subsidiaries	-	-	169,205	170,036
Bank and cash balances	140,158	136,185	404	255
	937,795	798,728	169,766	170,550
<b>Total assets</b>	1,166,217	1,031,387	253,096	253,880
<b>Current liabilities</b>				
Trade payables	439,221	302,400	-	-
Accruals, other payables and deposits received	162,077	164,248	278	244
Provisions	16,414	17,337	-	-
Bonus payable to directors	14,768	14,768	-	-
Current tax liabilities	18,831	14,906	-	-
Bank borrowings	-	38,015	-	-
	651,311	551,674	278	244
<b>Non-current liabilities</b>				
Deferred tax liabilities	3,503	3,503	-	-
<b>Total liabilities</b>	654,814	555,177	278	244
	511,403	476,210	252,818	253,636
<b>Equity attributable to owners of the Company</b>				
Share capital	35,670	35,670	35,670	35,670
Treasury shares	(778)	(778)	(778)	(778)
Reserves	476,511	441,318	217,926	218,744
<b>Total equity</b>	511,403	476,210	252,818	253,636

**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 2011		As at 31 March 2011	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
Nil	Nil	38,015	Nil

**Amount repayable after one year**

As at 30 June 2011		As at 31 March 2011	
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.**

**Consolidated Statement of Cash Flows for the period ended 30 June 2011**

	The Group	
	3 months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
<b>Cash flows from operating activities</b>		
Profit before tax	37,171	32,847
Adjustments for :		
Amortisation of prepaid land lease payments and land use rights	119	96
Equity-settled share-based payments	1,073	597
Depreciation	9,636	6,911
Loss on disposals of property, plant and equipment	42	-
Interest expenses	161	1
Interest income	(36)	(107)
<b>Operating profit before working capital changes</b>	<b>48,166</b>	<b>40,345</b>
Increase in inventories	(108,366)	(111,464)
Increase in trade receivables	(31,399)	(116,180)
Decrease in prepayments, deposits and other receivables	4,327	3,882
Increase in trade payables	136,821	124,891
(Decrease)/increase in accruals, other payables and deposits received	(2,171)	11,252
Increase in derivative financial instruments	-	1,280
Decrease in provisions	(923)	-
<b>Cash generated from / (used in) operations</b>	<b>46,455</b>	<b>(45,994)</b>
Income tax paid	(1,598)	(210)
Interest paid	(161)	(1)
<b>Net cash generated from / (used in) operating activities</b>	<b>44,696</b>	<b>(46,205)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,177)	(14,144)
Proceeds from disposal of property, plant and equipment	183	-
Interest received	36	107
<b>Net cash used in investing activities</b>	<b>(2,958)</b>	<b>(14,037)</b>
<b>Cash flows from financing activities</b>		
Net repayment of trust receipt loans	(38,015)	-
<b>Net cash used in financing activities</b>	<b>(38,015)</b>	<b>-</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>3,723</b>	<b>(60,242)</b>
<b>Effect of foreign exchange rate changes</b>	<b>250</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>136,185</b>	<b>139,899</b>
<b>Cash and cash equivalents at end of the period</b>	<b>140,158</b>	<b>79,657</b>

**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.**

**Consolidated Statements of Changes in Equity**

The Group	Attributable to the owners of the Company									
	Reserves							Retained earnings	Total reserves	Total equity
	Share capital	Treasury shares	Share premium	Share-based payment reserve	Translation reserve	Statutory reserve (note 1)	Investment revaluation reserve			
Balance at 1 April 2011	HK\$'000 35,670	HK\$'000 (778)	HK\$'000 87,244	HK\$'000 3,566	HK\$'000 14,588	HK\$'000 749	HK\$'000 -	HK\$'000 335,171	HK\$'000 441,318	HK\$'000 476,210
Total comprehensive income for the period	-	-	-	-	2,472	-	-	31,648	34,120	34,120
Share-based payments	-	-	-	1,073	-	-	-	-	1,073	1,073
<b>Balance at 30 June 2011</b>	<b>35,670</b>	<b>(778)</b>	<b>87,244</b>	<b>4,639</b>	<b>17,060</b>	<b>749</b>	<b>-</b>	<b>366,819</b>	<b>476,511</b>	<b>511,403</b>
Balance at 1 April 2010	35,500	(1,853)	85,591	2,458	10,541	383	(484)	238,146	336,635	370,282
Total comprehensive income for the period	-	-	-	-	-	-	45	28,904	28,949	28,949
Share-based payments	-	-	-	597	-	-	-	-	597	597
<b>Balance at 30 June 2010</b>	<b>35,500</b>	<b>(1,853)</b>	<b>85,591</b>	<b>3,055</b>	<b>10,541</b>	<b>383</b>	<b>(439)</b>	<b>267,050</b>	<b>366,181</b>	<b>399,828</b>

The Company	Reserves							Total
	Share capital	Treasury shares	Share premium	Share-based payment reserve	Contributed surplus	Retained earnings	Total reserves	
Balance at 1 April 2011	HK\$'000 35,670	HK\$'000 (778)	HK\$'000 87,244	HK\$'000 3,566	HK\$'000 67,239	HK\$'000 60,695	HK\$'000 218,744	HK\$'000 253,636
Total comprehensive income for the period	-	-	-	-	-	(1,891)	(1,891)	(1,891)
Share-based payments	-	-	-	1,073	-	-	1,073	1,073
<b>Balance at 30 June 2011</b>	<b>35,670</b>	<b>(778)</b>	<b>87,244</b>	<b>4,639</b>	<b>67,239</b>	<b>58,804</b>	<b>217,926</b>	<b>252,818</b>
Balance at 1 April 2010	35,500	(1,853)	85,591	2,458	67,239	50,290	205,578	239,225
Total comprehensive income for the period	-	-	-	-	-	(1,239)	(1,239)	(1,239)
Share-based payments	-	-	-	597	-	-	597	597
<b>Balance at 30 June 2010</b>	<b>35,500</b>	<b>(1,853)</b>	<b>85,591</b>	<b>3,055</b>	<b>67,239</b>	<b>49,051</b>	<b>204,936</b>	<b>238,583</b>

Note 1: In accordance with the relevant PRC regulations, the subsidiaries of the Group established in the PRC are required to transfer a certain percentage of the profit after tax, if any, to a statutory reserve. Subject to certain restrictions as set out in the relevant PRC regulations, the statutory reserve may be used to offset the accumulated losses, if any, of the subsidiaries.



**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, repurchase of shares, 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.**

There were no changes in the Company's share capital since the end of the previous period reported on. As at 30 June 2011, the share capital of the Company comprises 356,700,000 shares.

There were no changes in the Company's share options since the end of the previous period reported on. As at 30 June 2011, the Company has the following outstanding share options:

Employee Share Option Scheme	Exercise Price	Balance as at 31.3.2011 and 30.6.2011
(a) Incentive Options (Note 1)		
	S\$0.225	800,000
	S\$0.175	400,000
	S\$0.144	1,200,000
	S\$0.105	2,750,000
	S\$0.150	2,400,000
	S\$0.160	1,150,000
(b) Market Options (Note 2)		
	S\$0.215	800,000
	S\$0.184	600,000
Total		10,100,000

As at 30 June 2010, the Company has the following outstanding share options:

Employee Share Option Scheme	Exercise Price	Balance as at 31.3.2010 and 30.6.2010
(a) Incentive Options (Note 1)		
	S\$0.225	800,000
	S\$0.175	900,000
	S\$0.144	2,400,000
	S\$0.105	2,750,000
(b) Market Options (Note 2)		
	S\$0.215	1,000,000
Total		7,850,000

As at 30 June 2011, 1,174,600 shares were held as treasury shares (30 June 2010: 2,797,000 shares). 1,622,400 treasury shares were delivered for the purposes of the Company's Performance Share Plan on 13 August 2010.

**Notes:**

- (1) The Incentive Options were issued at a discount of not more than 20% to the average of the last dealt prices on the Official List of the SGX-ST for the five consecutive Market Days immediately preceding the date of grant of the respective Options.
- (2) The Market Options were issued at the market price which was equal to the average of the last dealt prices on the Official List of the SGX-ST for the five consecutive Market Days immediately preceding the date of grant of the respective Options.

- 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.**

Issued Ordinary Shares	Number of Shares	
	As at 30.6.2011	As at 31.3.2011
Total number of issued shares	356,700,000	356,700,000
Total number of treasury shares	(1,174,600)	(1,174,600)
<b>Total number of issued shares excluding treasury shares</b>	<b>355,525,400</b>	<b>355,525,400</b>

- 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.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

- 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 applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited annual financial statements for the year ended 31 March 2011, except for the adoption of the new and revised International Financial Reporting Standards ("IFRSs") which are relevant to the Group's operations and became effective for the financial year beginning 1 April 2011.

- 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.**

The adoption of the new and revised International Financial Reporting Standards ("IFRSs"), which are effective for the financial year beginning 1 April 2011, did not result in significant changes to the Group's accounting policies or have any material impact on the Group's and the Company's financial statements.

**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 2011	3 months ended 30 June 2010
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 8.9 cents	HK 8.2 cents
(b) On a fully diluted basis	N/A	N/A
Number of ordinary shares in issue (excluding treasury shares)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	355,525,400	352,203,000
Effect of potentially dilutive ordinary shares – Share options	N/A	N/A
Weighted average number of ordinary shares	355,525,400	352,203,000

**Notes**

The calculation of basic earnings per share for the period ended 30 June 2011 is based on profit attributable to owners of the Company of approximately HK\$31.6 million (30 June 2010: HK\$28.9 million) divided by the weighted average number of ordinary shares of 355,525,400 (30 June 2010: 352,203,000) in issue during the period.

There were no diluted earnings per share for both the periods ended 30 June 2011 and 30 June 2010 as there were no dilutive shares for these periods.

**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	
	30.6.2011	31.03.2011	30.6.2011	31.03.2011
	HK cents	HK cents	HK cents	HK cents
Net asset value per ordinary share based on issued share capital excluding treasury shares at the end of the period:	143.8	133.9	71.1	71.3
Number of ordinary shares in issue excluding treasury shares	355,525,400	355,525,400	355,525,400	355,525,400

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.**

Valuetronics is an Electronic Manufacturing Service ("EMS") provider focusing on the design and development of products that meet the ever-changing needs of customers. We are the preferred choice of certain successful global companies for Original Equipment Manufacturing ("OEM") and Original Design Manufacturing ("ODM") services, with core competencies ranging from tool fabrication, injection moulding, metal stamping, machining, surface mount technology ("SMT") and finished product assembly on full turnkey basis. In 2010, Valuetronics has enhanced its existing business model and extended its value chain through its acquisitions of exclusive brand licensing agreements to use the "Whirlpool", "Maytag" and "Amana" brands, for a portfolio of home comfort appliances, which included portable air purifiers, portable electric fans and portable heaters in the North American market.

**Review – Q1 FY2012 (3 months ended 30 June 2011) vs Q1 FY2011 (3 months ended 30 June 2010)**

**Revenue**

Revenue increased by 33.4% or HK\$132.0 million from HK\$395.1 million in Q1 FY2011 to HK\$527.1 million in Q1 FY2012. Such increase was mainly attributable to the significant growth in the number of sales orders received from our major OEM customers as well as steady revenue contributions from our Licensing business, which recorded HK\$14.1 million sales in Q1 FY2012 (Q1 FY2011: HK\$4.0 million).

OEM revenue increased by 36.1% to HK\$444.5 million (Q1 FY2011: HK\$326.7 million), which was mainly contributed by the significant increase in demand from one of our existing major customers.

ODM revenue increased by 6.4% to HK\$68.5 million (Q1 FY2011: HK\$64.4 million), which was mainly attributable to the stable growth in the number of sales orders received from our existing major customers.

**Gross profit and gross profit margin**

Gross profit increased by 27.7% to HK\$84.2 million (Q1 FY2011: HK\$65.9 million) and gross profit margin dropped slightly by 0.7% to 16.0% (Q1 FY2011: 16.7%). Such change in gross profit margin was due mainly to the increase in OEM product contribution to the sales mix during the period.

**Other income**

Other income decreased by 38.9% to HK\$2.3 million (Q1 FY2011: HK\$3.7 million), due to the decrease in net exchange gains by HK\$1.6 million to HK\$0.5 million.

**Selling and distribution costs**

Selling and distribution costs increased by 25.5% to HK\$18.7 million (Q1 FY2011: HK\$14.9 million). Such increase was mainly contributed by the full quarter effect of the Licensing business, which included salaries and allowances for our marketing staff, sales commissions payable to our sales representatives and other advertising and promotional expenses.

**Administrative expenses**

Administrative expenses increased by 47.2% to HK\$30.1 million (Q1 FY2011: HK\$20.5 million), mainly contributed by the increase in salaries and bonus for our administrative and corporate employees as well as the full quarter effect of the staff costs and higher number of headcounts for the Licensing business as compared to the same period last year.

**Other operating loss**

The Group entered into certain foreign exchange forward contracts to hedge against its exposure to Renminbi and Japanese Yen during the period ended 30 June 2010. The net fair value losses on derivative financial instruments represented the unrealised losses and mark-to-market values of these contracts as at 30 June 2010. No such contracts were entered into by the Group for the period ended 30 June 2011.

**Profit before tax**

As a result of the above, profit before tax increased by 13.2% to HK\$37.2 million in Q1 FY2012 (Q1 FY2011: HK\$32.8 million).

**Financial position**

The Group's inventories increased by HK\$108.4 million from HK\$213.0 million as at 31 March 2011 to HK\$321.4 million as at 30 June 2011. The increase was in line with the overall growth in customers' orders.

The Group's trade receivables increased by HK\$31.4 million from HK\$430.8 million as at 31 March 2011 to HK\$462.2 million as at 30 June 2011. This is in line with the growth in sales from a number of major customers.

The Group's trade payables increased from HK\$302.4 million as at 31 March 2011 to HK\$439.2 million as of 30 June 2011. The increase in trade payables resulted from the overall growth in purchase and to cope with the increase in sales orders and demand from customers during the period.

**Statement of cash flows**

Cash and cash equivalents held by the Group stood at HK\$140.2 million as at 30 June 2011 (31 March 2011: HK\$136.2 million). This was mainly contributed by the higher working capital requirements for the purpose of additional inventories, trade payables and trade receivables as well as the additions of property, plant and equipment to cope with increase in demand and orders during the period.

The Group currently places most of its cash as bank deposits with reputable financial institutions in Hong Kong.

**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.**

During Q1 FY2012, the Group continued to enjoy the growth momentum from one of its major OEM customers. At the same time, our ODM customers maintained steady growth during the period. A number of new OEM customers are in the pipeline with expected mass production in early 2012.

The Licensing business continued to grow and contributed HK\$14.1 million to the Group's revenue during Q1 FY2012. The sales and marketing team is continuing their efforts to explore and penetrate major retailers with our existing product portfolio, which included air purifiers, fans and heaters.

Business conditions in FY2012 remain challenging. The anemic economic growth coupled with current uncertainties in the US and European financial markets may weaken demand. With the increase in labor costs of PRC workers as well as the strengthening of the Renminbi, the Group also expects to incur higher manufacturing costs in FY2012.

The Group will continue to remain vigilant in monitoring market developments and will continue with our efforts in improving our fundamentals, which include our design and development capabilities, production efficiencies and inventory management. In addition, we will continue our efforts in business development to enrich our customer base and product portfolio.

Barring unforeseen circumstances, we are confident that the Group will be profitable in FY2012.

**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 Q1 FY2012.

**BY ORDER OF THE BOARD**

**TSE Chong Hing**

**Chairman and Managing Director**  
**12 August 2011**

**Confirmation By Directors Pursuant to Clause 705(5) of the Listing Manual of SGX-ST**

We, Tse Chong Hing and Hung Kai Wing, being two of the 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 results for the 3 months period ended 30 June 2011 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*

**Hung Kai Wing**  
*Executive Director*