

VALUETRONICS HOLDINGS LIMITED

(Incorporated in Bermuda)

(Co. Reg. No: 38813)

FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2010**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 2010

| | The Group | | |
|--------------------------------|------------------------|--------------|--------------|
| | 3 months ended 30 June | | |
| | 2010 | 2009 | Change |
| | HK\$'000 | HK\$'000 | % |
| Revenue | 395,119 | 218,626 | 80.7 |
| Cost of Sales | (329,193) | (182,658) | 80.2 |
| Gross Profit | 65,926 | 35,968 | 83.3 |
| | | | |
| Other income | 3,749 | 1,089 | 244.3 |
| Selling and distribution costs | (14,893) | (7,662) | 94.4 |
| Administrative expenses | (20,456) | (13,644) | 49.9 |
| Net other operating loss | (1,280) | (9,516) | -86.5 |
| Profit From Operations | 33,046 | 6,235 | 430 |
| | | | |
| Finance costs | (199) | (139) | 43.2 |
| | | | |
| Profit Before Tax | 32,847 | 6,096 | 438.8 |
| | | | |
| Income tax expense | (3,943) | (695) | 467.3 |
| | | | |
| Profit for the period | 28,904 | 5,401 | 435.2 |
| | | | |
| Attributable to: | | | |
| Owners of the Company | 28,904 | 5,401 | 435.2 |

Consolidated Statement of Comprehensive Income for the period ended 30 June 2010

| | The Group | | |
|---|------------------------|--------------|--------------|
| | 3 months ended 30 June | | |
| | 2010 | 2009 | Change |
| | HK\$'000 | HK\$'000 | % |
| Profit for the period | 28,904 | 5,401 | 435.2 |
| | | | |
| Other comprehensive income: | | | |
| Net fair value changes of available-for-sale financial assets | 45 | 643 | -93.0 |
| Other comprehensive income for the period, net of tax | 45 | 643 | -93.0 |
| | | | |
| Total comprehensive income for the period | 28,949 | 6,044 | 379.0 |
| | | | |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | 28,949 | 6,044 | 379.0 |

Note:

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

| | The Group | |
|--|------------------------|----------|
| | 3 months ended 30 June | |
| | 2010 | 2009 |
| | HK\$'000 | HK\$'000 |
| Depreciation (Note 1) | 7,007 | 5,828 |
| Loss on disposals of property, plant and equipment | - | 16 |
| Allowance for doubtful debts (Note 2) | - | 9,516 |
| Interest income | (107) | (278) |
| Interest expenses | 1 | - |
| Bank charges | 198 | 139 |
| Net exchange gain (Note 3) | (2,076) | (504) |
| Net fair value losses on derivative financial instruments (Note 4) | 1,280 | - |

Note 1: Higher depreciation in 1Q FY2011 was mainly due to the depreciation effects of additions of property, plant and equipment made during the period.

Note 2: 1Q FY2010 allowance was mainly provided for the customer who had experienced working capital distress since the economic turmoil started in 2008. No further allowance is required after 1Q FY2010.

Note 3: Increase in net exchange gains mainly resulted from the settlements of Japanese Yen transactions during the period.

Note 4: The Group entered into certain foreign exchange forward contracts to hedge against its exposure to Renminbi and Japanese Yen during the period. 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.

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 2010

| | The Group | | The Company | |
|---|-----------------|-----------------|-----------------|-----------------|
| | At 30.6.2010 | At 31.3.2010 | At 30.6.2010 | At 31.3.2010 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Non-current assets | | | | |
| Property, plant and equipment | 196,372 | 189,235 | - | - |
| Investments in subsidiaries | - | - | 83,330 | 83,330 |
| Club membership, at cost | 200 | 200 | - | - |
| Long term receivables | 920 | 920 | - | - |
| Goodwill | 10 | 10 | - | - |
| | 197,502 | 190,365 | 83,330 | 83,330 |
| Current assets | | | | |
| Available-for-sale financial assets (Note 1) | 15,161 | 15,116 | - | - |
| Inventories | 241,346 | 129,882 | - | - |
| Trade receivables | 389,843 | 273,663 | - | - |
| Prepayments, deposits and other receivables | 13,889 | 17,771 | 185 | 34 |
| Long term receivables – current portion | 575 | 575 | - | - |
| Due from subsidiaries | - | - | 155,120 | 155,883 |
| Bank and cash balances | 79,657 | 139,909 | 215 | 291 |
| | 740,471 | 576,916 | 155,520 | 156,208 |
| Total assets | 937,973 | 767,281 | 238,850 | 239,538 |
| Current liabilities | | | | |
| Trade payables | 354,664 | 229,773 | - | - |
| Accruals, other payables and deposits received | 167,221 | 155,969 | 267 | 313 |
| Derivative financial instruments | 1,280 | - | - | - |
| Bank overdraft | - | 10 | - | - |
| Current tax liabilities | 11,996 | 8,263 | - | - |
| | 535,161 | 394,015 | 267 | 313 |
| Non-current liabilities | | | | |
| Deferred tax liabilities | 2,984 | 2,984 | - | - |
| Total liabilities | 538,145 | 396,999 | 267 | 313 |
| | 399,828 | 370,282 | 238,583 | 239,225 |
| Equity attributable to owners of the Company | | | | |
| Share capital | 35,500 | 35,500 | 35,500 | 35,500 |
| Treasury share | (1,853) | (1,853) | (1,853) | (1,853) |
| Reserves | 366,181 | 336,635 | 204,936 | 205,578 |
| Total equity | 399,828 | 370,282 | 238,583 | 239,225 |

Note 1: Available-for-sale financial assets are measured at fair value.

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 2010 | | As at 31 March 2010 | |
|--------------------|-----------|---------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| nil | nil | 10 | nil |

Amount repayable after one year

| As at 30 June 2010 | | As at 31 March 2010 | |
|--------------------|-----------|---------------------|-----------|
| 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 2010

| | The Group | |
|--|------------------------|-----------------|
| | 3 months ended 30 June | |
| | 2010 | 2009 |
| | HK\$'000 | HK\$'000 |
| Cash flows from operating activities | | |
| Profit before tax | 32,847 | 6,096 |
| Adjustments for : | | |
| Share-based payments expenses | 597 | 139 |
| Depreciation | 7,007 | 5,828 |
| Loss on disposals of property, plant and equipment | - | 16 |
| Interest expenses | 1 | - |
| Interest income | (107) | (278) |
| Operating profit before working capital changes | 40,345 | 11,801 |
| Increase in inventories | (111,464) | (21,191) |
| Increase in trade receivables | (116,180) | (63,631) |
| Decrease/(increase) in prepayments, deposits and other receivables | 3,882 | (3,775) |
| Increase in trade payables | 124,891 | 39,416 |
| Increase in accruals, other payables and deposits received | 11,252 | 2,657 |
| Increase in derivative financial instruments | 1,280 | - |
| Cash used in operations | (45,994) | (34,723) |
| Income tax paid | (210) | (306) |
| Interest paid | (1) | - |
| Net cash used in operating activities | (46,205) | (35,029) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (14,144) | (5,157) |
| Purchase of available-for-sale financial assets (Note 1) | - | (7,750) |
| Proceeds from disposals of available-for-sale financial assets | - | 3,875 |
| Interest received | 107 | 278 |
| Net cash used in investing activities | (14,037) | (8,754) |
| Net decrease in cash and cash equivalents | (60,242) | (43,783) |
| Cash and cash equivalents at beginning of the period | 139,899 | 153,483 |
| Cash and cash equivalents at end of the period | 79,657 | 109,700 |

Note 1: Being placements of principal protected deposits.

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 | | | | | | | | | | | | |
|---|---|-----------------|---------------|-----------------------------|---------------------|----------------------------|--------------------------------|-------------------|----------------|----------------|-------------|--------------------|--------------|
| | Share capital | Treasury shares | Reserves | | | | | | | Total reserves | Total | Minority Interests | Total equity |
| | | | Share premium | Share-based payment reserve | Translation reserve | Statutory reserve (note 1) | Investment revaluation reserve | Retained earnings | | | | | |
| HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | |
| Balance at 1 April 2010 | 35,500 | (1,853) | 85,591 | 2,458 | 10,541 | 383 | (484) | 238,146 | 336,635 | 370,282 | - | 370,282 | |
| Total comprehensive income for the year | - | - | - | - | - | - | 45 | 28,904 | 28,949 | 28,949 | - | 28,949 | |
| Share-based payments | - | - | - | 597 | - | - | - | - | 597 | 597 | - | 597 | |
| Balance at 30 June 2010 | 35,500 | (1,853) | 85,591 | 3,055 | 10,541 | 383 | (439) | 267,050 | 366,181 | 399,828 | - | 399,828 | |
| Balance at 1 April 2009 | 35,500 | (2,176) | 85,591 | 571 | 10,484 | 242 | (2,061) | 195,353 | 290,180 | 323,504 | (13) | 323,491 | |
| Total comprehensive income for the year | - | - | - | - | - | - | 643 | 5,401 | 6,044 | 6,044 | - | 6,044 | |
| Share-based payments | - | - | - | 139 | - | - | - | - | 139 | 139 | - | 139 | |
| Balance at 30 June 2009 | 35,500 | (2,176) | 85,591 | 710 | 10,484 | 242 | (1,418) | 200,754 | 296,363 | 329,687 | (13) | 329,674 | |

| The Company | Reserves | | | | | | | Total |
|---|---------------|-----------------|---------------|-----------------------------|---------------------|-------------------|----------------|----------------|
| | Share capital | Treasury shares | Share premium | Share-based payment reserve | Contributed surplus | Retained earnings | Total reserves | |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| 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 year | - | - | - | - | - | (1,239) | (1,239) | (1,239) |
| Share-based payments | - | - | - | 597 | - | - | 597 | 597 |
| Balance at 30 June 2010 | 35,500 | (1,853) | 85,591 | 3,055 | 67,239 | 49,051 | 204,936 | 238,583 |
| Balance at 1 April 2009 | 35,500 | (2,176) | 85,591 | 571 | 67,239 | 29,231 | 182,632 | 215,956 |
| Total comprehensive income for the year | - | - | - | - | - | (885) | (885) | (885) |
| Share-based payments | - | - | - | 139 | - | - | 139 | 139 |
| Balance at 30 June 2009 | 35,500 | (2,176) | 85,591 | 710 | 67,239 | 28,346 | 181,886 | 215,210 |

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, 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 2010, the share capital of the Company comprises 355,000,000 shares.

There were no changes in the Company's share options since the end of the previous period reported on. As at 30 June 2010, the Company has the following outstanding share options:

| Employee Share Option Scheme ("ESOS") | Exercise Price | Balance as at 31.3.2010 and 30.6.2010 |
|---------------------------------------|----------------|---------------------------------------|
| (a) Incentive Options | S\$0.225 | 800,000 |
| (Note 1) | S\$0.175 | 900,000 |
| (Note 2) | S\$0.144 | 2,400,000 |
| (Note 3) | S\$0.105 | 2,750,000 |
| (b) Market Options (Note 4) | S\$0.215 | 1,000,000 |
| Total | | 7,850,000 |

As at 30 June 2009, the Company has the following outstanding share options:

| Employee Share Option Scheme ("ESOS") | Exercise Price | Balance as at 31.3.2009 and 30.6.2009 |
|---------------------------------------|----------------|---------------------------------------|
| (a) Incentive Options | S\$0.225 | 800,000 |
| (Note 1) | S\$0.175 | 900,000 |
| (Note 2) | S\$0.144 | 2,400,000 |
| (b) Market Options (Note 4) | S\$0.215 | 1,000,000 |
| Total | | 5,100,000 |

As at 30 June 2010, 2,797,000 shares were held as treasury shares (30 June 2009: 3,277,000 shares). The difference of 480,000 shares were utilized during FY2010 to satisfy the issue of shares under the Company's Employee Share Option Scheme and Performance Share Plan.

Notes:

- (1) The Incentive Options were issued at 18.6% 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 July 2008, the date of grant of the Options.
- (2) The Incentive Options were issued at 19.6% 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 27 August 2008, the date of grant of the Options.
- (3) The Incentive Options were issued at 16.7% 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 12 August 2009, the date of grant of the Options.
- (4) 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 8 July 2008, the date of grant of the 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 30.6.2010 | As at 31.3.2010 |
| Total number of issued shares | 355,000,000 | 355,000,000 |
| Total number of treasury shares | (2,797,000) | (2,797,000) |
| Total number of issued shares excluding treasury shares | 352,203,000 | 352,203,000 |

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.

Except as disclosed under note 5, the Group has adopted the same accounting policies and methods of computation for the current reporting period as those used in preparing the audited consolidated financial statements for the year ended 31 March 2010.

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.

In current period, the Group and the Company have adopted all the new and revised International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board ("IASB") that are relevant to its operations and effective from 1 January 2010. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years except as stated below.

Classification of Land Leases

The adoption of the amendment to IAS 17 "Leases" has resulted in a change in accounting policy for the classification of leasehold land of the Group. Previously, leasehold land was classified as an operating lease and stated at cost less accumulated amortisation. In accordance with the amendment, leasehold land is classified as a finance lease and stated at cost less accumulated depreciation if substantially all risks and rewards of the leasehold land have been transferred to the Group. As the present value of the minimum lease payments (i.e. the transaction price) of the land held by the Group amounted to substantially all of the fair value of the land as if it were freehold, the leasehold land of the Group has been classified as a finance lease. The amendment has been applied retrospectively to unexpired leases at the date of adoption of the amendment on the basis of information existing at the inception of the leases.

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 2010 | 3 months ended 30 June 2009 |
| 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 8.2 cents | HK 1.5 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 | 352,203,000 | 352,639,139 |
| Effect of potentially dilutive ordinary shares – Share options | N/A | N/A |
| Weighted average number of ordinary shares | 352,203,000 | 352,639,139 |

Notes

The calculation of basic earnings per share for the period ended 30 June 2010 is based on profit attributable to owners of the Company of approximately HK\$28.9 million (30 June 2009: HK\$5.4 million) divided by the weighted average number of ordinary shares of 352,203,000 (30 June 2009: 352,639,139) in issue during the period.

There were no diluted earnings per share for both the periods ended 30 June 2010 and 30 June 2009 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 | |
|--|-------------|-------------|-------------|-------------|
| | 30.6.2010 | 31.03.2010 | 30.6.2010 | 31.03.2010 |
| | 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: | 113.5 | 105.1 | 67.7 | 67.9 |
| Number of ordinary shares in issue excluding treasury shares | 352,203,000 | 352,203,000 | 352,203,000 | 352,203,000 |

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.**

Valuetronics is an Electronic Manufacturing Service ("EMS") provider focusing on designing and developing 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. Recently, Valuetronics has enhanced its existing business model to cover the entire value chain, with its acquisition of an exclusive brand licensing agreement to use the "Whirlpool", "Maytag" and "Amana" brands, specifically for the portable air purifier appliance in the North America market.

Review – 1Q FY2011 (3 months ended 30 June 2010) vs 1Q FY2010 (3 months ended 30 June 2009)

Revenue

Revenue increased by 80.7% or HK\$176.5 million from HK\$218.6 million in 1Q FY2010 to HK\$395.1 million in 1Q FY2011. Such increase was mainly attributable to the significant growth from OEM sales and steady growth from major ODM customers. Our Licensing business, which commenced in 1Q FY2011 recorded HK\$4.0 million sales.

OEM revenue increased by 91.2% to HK\$326.7 million (1Q FY2010: HK\$170.8 million) mainly contributed by the significant increase in demand from a number of major customers.

ODM revenue increased by 34.7% to HK\$64.4 million (1Q FY2010: HK\$47.8 million), which was mainly attributable to additional sales orders and steady growth from our MNC customers.

Gross profit and gross profit margin

Gross profit increased by 83.3% to HK\$65.9 million (1Q FY2010: HK\$36.0 million) and gross profit margin increased by 0.2% to 16.7% (1Q FY2010: 16.5%). Such increase in gross profit margin was in line with the change in the product sales mix during the period.

Other income

Other income increased by 244.3% to HK\$3.7 million (1Q FY2010: HK\$1.1 million), due to the increase in tooling income by HK\$1 million to HK\$1.2 million and the increase in net exchange gains by HK\$1.6 million to HK\$2.1million.

Selling and distribution costs

Selling and distribution costs increased by 94.4% to HK\$14.9 million (1Q FY2010: HK\$7.7 million). Such increase was driven mainly by the increase in salaries and allowances for our marketing staff as well as the increase in sales commissions payable to our sales representatives. Such an increase is in line with the overall increase in revenue and headcount as compared to the same period of last year.

Administrative expenses

Administrative expenses increased by 49.9% to HK\$20.5 million (1Q FY2010: HK\$13.6 million), which was mainly contributed by the increase in salaries and bonus for our administrative and corporate employees as a result of the gradual improvement of global economy during the period. In addition, such an increase is consistent with the increase in headcount from 1Q FY2010.

Net 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. The net fair value losses on derivative financial instruments represented the unrealized losses and mark-to-market values of these contracts as at period end date. No other operating loss was recorded in 1Q FY2011.

There was no bad debt provision made during the period.

Profit before tax

As a result of the above, the profit before tax increased by 438.8% to HK\$32.8 million (1Q FY2010: HK\$6.1 million).

Financial position

The Group's available-for-sale financial assets increased by HK\$0.1 million from HK\$15.1 million as at 31 March 2010 to HK\$15.2 million as at 30 June 2010. The slight increase in the balance represents the change in the fair value of Senior Notes of Citigroup during the period.

The Group's inventories balance increased by HK\$111.5 million from HK\$129.9 million as at 31 March 2010 to HK\$241.3 million as at 30 June 2010. The increase in balance was in line with the overall growth in customers' orders as well as buffer inventories holding requirements by certain major customers to meet demand spikes.

The Group's trade receivables increased by HK\$116.2 million from HK\$273.7 million as at 31 March 2010 to HK\$389.8 million as at 30 June 2010. This is in line with the significant growth in sales from a small number of major and blue chip customers, who were granted longer credit terms than other customers.

The Group's trade payables as of 30 June 2010 increased from HK\$229.8 million as at 31 March 2010 to HK\$354.7 million. The increase in trade payable 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\$79.7 million as at 30 June 2010 (31 March 2010: HK\$139.9 million) which was mainly contributed by the higher working capital requirements to support additional inventories as well as trade receivables during the period.

The Group currently places most of its bank deposits with authorised institutions in Hong Kong which are fully secured by Hong Kong Government's Exchange Fund until the end of 2010.

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.

Notwithstanding the general improvement in global market conditions and economic outlook since early 2010, the Group expects business conditions to remain challenging in FY2011. The Group expects to contend with issues such as high oil price which will lead to an increase in raw material price and pricing pressure, and fluctuations in foreign currencies including Renminbi and Japanese Yen in FY2011. The Group also expects to incur higher manufacturing costs in FY2011 than FY2010 resulting from the increase in the statutory minimum wage for PRC workers. A related issue is adequate labour supply, which the Group is keeping a close watch.

The growth in our OEM and ODM business in Q1 FY2011 as compared to Q1 FY2010 was driven by the significant increases in sales orders across all major customers. The Group is in the process of concluding new projects with new and existing customers.

We expect our Licensing business will start contributions in FY2011 with our flagship subsidiary, Master Brands HK Limited. The Group has also recently set up Brands Values Corporation, which will

contribute further to our Licensing business with its team of technology development specialists and sales professionals in the United States. In this process, brand equity shall be enhanced.

In view of the uncertainties regarding the pace and sustainability of the global economy recovery, the Group will continue to remain vigilant in monitoring market developments. Backed by a strong balance sheet, the Group will continue to improve our business and financial fundamentals, which include enhancing our design and development capabilities, achieving greater production efficiencies, rigorous inventory management and cost control measures.

Barring unforeseen circumstances, we are confident that the Group will be profitable in FY2011.

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/recommendeded, a statement to that effect.

Not applicable.

BY ORDER OF THE BOARD

TSE Chong Hing

**Chairman and Managing Director
13 August 2010**

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 1Q FY2011 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

Hung Kai Wing
Executive Director