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**Media Release – Valuetronics' Records 106.3% Jump in Net Profit to HK\$121.2 million for FY2011 \* Financial Statement And Related Announcement**

\* Asterisks denote mandatory information


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Announcement is submitted with respect to *	VALUETRONICS HOLDINGS LIMITED
Announcement is submitted by *	Tse Chong Hing
Designation *	Chairman & Managing Director
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**>> Announcement Details**

The details of the announcement start here ...

For the Financial Period Ended *	31-03-2011
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**Attachments**

 [Valuetronics-FY2011-MediaRelease.pdf](#)  
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Media Release - For Immediate Release

## Valuetronics' Records 106.3% Jump in Net Profit to HK\$121.2 million for FY2011

- Proposed dividend of 14.0 HK cents per share
- Revenue for FY2011 increased significantly by 73.4% to HK\$1,970.4 million from HK\$1,136.1 million in FY2010
- Gross Profit for FY2011 surged by 74.6% to HK\$309.7 million from HK\$177.3 million in FY2010

Singapore, 24 May 2011 - Mainboard listed Valuetronics Holdings Limited ("Valuetronics", "鸿通电子控股有限公司" or collectively with its subsidiaries, the "Group"), a premier design, manufacturing partner for the world's leading brands in the consumer, commercial and industrial electronics sectors and a licensee of a well-known brand for home comfort appliances, today announced outstanding financial results for its fourth quarter and full year ended 31 March 2011 ("4Q FY2011" and "FY2011" respectively).

Commenting on the results, Mr Ricky Tse Chong Hing ("谢创兴"), Chairman and Managing Director remarked, ***"We are pleased to have achieved a record-high turnover and net profit for FY2011 as we saw outstanding growth in the OEM and ODM businesses. This was due to the strong demand by our major customers as a result of the stabilising of the global economy. In view of the Group's excellent performance, the Board is happy to propose a dividend of 14.0 HK cents per share to reward our shareholders' continual support."***

## Financial Highlights

Financial Highlights (HK\$'M)	3 Months ended 31 March			Full Year ended 31 March		
	4Q FY2011	4Q FY2010	% Change	FY2011	FY2010	% Change
Turnover	531.8	307.0	73.2	1,970.4	1,136.1	73.4
Gross Profit	86.4	50.2	72.1	309.7	177.3	74.6
Net Profit	28.1	22.0	27.7	121.2	58.8	106.3

The Group continued to register strong sales growth for 4Q FY2011, which was driven by an increase in customers' orders. As such, the revenue for FY2011 hit HK\$1,970.4 million from HK\$1,136.1 million in the previous corresponding year ("FY2010"), representing a 73.4% jump.

In 4Q FY2011, key customers' business activities remained upbeat and this boosted Valuetronics' sales, as revenue surged 73.2% to HK\$531.8 million from HK\$307.0 million in the fourth quarter ended 31 March 2010 ("4Q FY2010").

Segmental Revenue				
HK\$'M	4Q FY2011	4Q FY2010	FY2011	FY2010
OEM	439.2	264.0	1,617.4	920.0
ODM	74.9	43.0	319.6	216.1

Revenue from both OEM and ODM businesses (collectively referred as the "EMS Business") came in strong in line with the higher sales recorded for the period under review. The OEM segment has shown an exceptional growth, which was lifted by the increased demand resulted from new products launched by some of the major customers.

As for the ODM segment, revenue continue to outperform its previous corresponding periods with additional sales and growing orders from major customers.

Valuetronics' Licensing business which commenced in the first quarter of FY2011, has achieved HK\$17.7 million in revenue for 4Q FY2011, a 12.7% increase from HK\$15.7 million recorded for the 9M FY2011. On a full year basis, a total of HK\$33.4 million in revenue was registered.

Commenting on the licensing business, Mr Tse said, ***“Our efforts in developing the Licensing business will continue. We will focus on steadily expanding and enriching our customer base and product portfolio in this business segment.”***

Gross profit grew 74.6% to HK\$309.7 million in FY2011 from HK\$177.3 million in FY2010, whilst gross profit margins were stable at 15.7% for the year under review. In particular, Valuetronics' gross profit for 4Q FY2011 rose 72.1% to HK\$86.4 million from HK\$50.2 million with a gross profit margin of 16.2%, which is relatively comparable to the same period last year as there was no significant change in product mix.

The Group's other income for FY2011 increased 37.2% to HK\$7.7 million, which is attributable to an increase in tooling income, net foreign exchange gains, a gain on disposal of plant and equipment, sales of scrap materials and an insurance claim for the year.

As the Group's ongoing marketing efforts is essential for it to capture new sales opportunities, selling and distribution cost correspondingly increased 62.2% to HK\$68.8 million in FY2011 from HK\$42.4 million in FY2010, led by the increases in the salaries and allowances for marketing staff and sales commissions payable to sales representatives. The increase is in tandem with the higher revenue and headcounts recorded. Administrative expenses for FY2011 also went up by 72.7% to HK\$110.3 million from HK\$63.9 million in the previous year under review, due to increases in salaries and bonuses for administrative and corporate employees as a result of the business recovery and higher headcount.

On a whole, Valuetronics' recorded a profit after tax for FY2011 of HK\$121.2 million, which shot up by 106.3% from HK\$58.8 million in FY2010. As a result, earnings per share registered for FY2011 was HK34.2 cents compared to HK16.7 cents<sup>1</sup> in FY2010. Net asset value per share<sup>2</sup> as at 31 March 2011 and as at 31 March 2010 was HK133.9 cents and HK105.1 cents respectively.

### **Financial Position**

In line with the overall growth in customers' orders for the year under review, inventories balance increased by HK\$83.1 million from HK\$129.9 million as at 31 March 2010 to HK\$213.0 million as at 31 March 2011.

In view of the significant growth in sales from a number of major customers, who were granted longer credit terms than other customers, the Group's trade receivables increased to HK\$430.8 million as at 31 March 2011 from HK\$273.7 million as at 31 March 2010. Trade payables also increased from HK\$229.8 million as at 31 March 2010 to HK\$302.4 million as at 31 March 2011. This increase mainly resulted from the overall growth in purchases so as to cope with the increase in sales orders and demand from customers during the financial year.

Cash and cash equivalents held by the Group stood at HK\$136.2 million as at 31 March 2011, as compared to HK\$139.9 million as at 31 March 2010.

### **Business Outlook**

In FY2011, the Group experienced strong demand from its major customers, driven by the significant increase in their sales orders and the launch of new products, as a result of an improved global economy since the global financial crisis which started in late 2008. While the Group's growth in FY2011 was partially driven by such exceptional

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<sup>1</sup> The calculation of basic earnings per share is based on profit attributable to owners of the Company divided by the weighted average number of ordinary shares) in issue during the respective periods.

<sup>2</sup> The calculation of net asset value per ordinary share is based on number of issued capital excluding treasury shares during the respective periods.

growth, the sustained growth in both the OEM and ODM businesses also contributed to the overall growth of the Group.

#### EMS Business

Both OEM and ODM business segments contributed substantial revenue to the Group due to major customers increasing their sales orders and launching new products for the year under review. Going forward, the Group expects to benefit from the launch of new products by customers and to continue to enjoy the growth momentum of its major OEM and ODM customers.

#### Licensing Business

Valuetronics' Licensing business first launched its air purifier in April 2010 and this segment has contributed positively to the Group's revenue for FY2011, achieving total sales of HK\$33.4 million. Upfront expenses, which includes staff cost, product and packaging design and product marketing had adversely affected the operating result of licensing business in FY2011. In September 2010, the Group further secured the rights to manufacture, design and distribute two additional home comfort appliances, electric fan and heaters. The Group expects this enlarged product portfolio to continue growing and contributing positively to its revenue, as well as improves the marginal returns of the Licensing business in FY2012.

#### Operational Management

In light of operational challenges such as inflation, the increase in minimum wage in the PRC and fluctuations in foreign currencies continuing to be prevalent, the Group will continue to remain cautious and prudent in monitoring and responding to market developments by strengthening its business and financial fundamentals. This includes enhancing the Group's design and development capabilities and achieving greater production efficiencies and inventory management.

Barring unforeseen circumstances, the directors expect the Group to remain profitable.

**Issued for and on behalf of Valuetronics Holdings Limited**

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***About Valuetronics Holdings Limited ([www.valuetronics.com.hk](http://www.valuetronics.com.hk))***

*Valuetronics is a premier design, manufacturing, and licensing partner for the world's leading brands. The Group's customer base covers the industrial and commercial electronics, medical equipment and consumer electronics industries, which span across a wide geographical region that covers America, Europe and the Asia Pacific. The Group's customers include OEMs and ODMs as well as international brand owners such as "Dymo", "TransAct", "Graco", "Hemisphere", "HID", "KitchenAid", and "Philips". Leveraging on its product design and development capabilities, Valuetronics has also moved into brand management with the exclusive license to use the "Whirlpool", "Maytag" and "Amana" brands for a range of home comfort appliances in the North American market. Headquartered in Hong Kong, the Group's main manufacturing facility is located in Dong Er Road, Western District of Science and Technology Park, Daya Bay Economy and Technology Development District, Huizhou City, Guangdong Province, PRC.*