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**MEDIA RELEASE - VALUETRONICS MAINTAINS STRONG PROFITABILITY IN 3Q FY2012 DESPITE GLOBAL ECONOMIC SLOWDOWN \* Financial Statement And Related Announcement**


\* Asterisks denote mandatory information

Name of Announcer *	VALUETRONICS HOLDINGS LIMITED
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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 *	31-12-2011
Description	PLEASE SEE ATTACHED

**Attachments**
 [Valuetronics\\_3QFY2012\\_MR.pdf](#)

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**Valuetronics Holdings Limited**  
 Unit 9-11, 7/F, Technology Park  
 No. 18 On Lai Street, Shatin,  
 New Territories, Hong Kong  
 Tel: (852) 2790 8278  
 Fax: (852) 2304 1851  
 www.valuetronics.com.hk

**Media Release - For Immediate Release**

## Valuetronics maintains strong profitability in 3Q FY2012 despite global economic slowdown

- Revenue for 3Q FY2012 increased by 17.7% to HK\$617.2 million and net profit decreased slightly by 0.3% to HK\$31.5 million
- Licensing business increased its contribution to Group revenue by 84.5% to HK\$10.1 million for 3Q FY2012

**Singapore, 3 February 2012** – 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 for well-known brands for home comfort appliances, today announced that its revenue for the three months ended 31 December 2011 (“3Q FY2012”) increased 17.7% to HK\$617.2 million and its net profit decreased slightly by 0.3% to HK\$31.5 million compared to the previous corresponding period (“3Q FY2011”).

### Financial Highlights

(HK\$'M)	3 Months ended 31 December			9 Months ended 31 December		
	2011	2010	% Change	2011	2010	% Change
<b>Turnover</b>	617.2	524.5	17.7	1,771.4	1,438.6	23.1
<b>Gross Profit</b>	84.2	81.1	3.8	255.8	223.3	14.6
<b>Net Profit</b>	31.5	31.6	(0.3)	91.9	93.1	(1.3)

For the nine months ended 31 December 2011 (“9M FY2012”), the Group’s revenue grew 23.1% to HK\$1,771.4 million with increased contributions from the OEM and Licensing business segments, while net profit decreased marginally by 1.3% to HK\$91.9 million from HK\$93.1 million the previous corresponding period (“9M FY2011”).

Commenting on the financial results, Mr Ricky Tse Chong Hing (“谢创兴”), Chairman and Managing Director of Valuetronics said, ***“We have managed to sustain our profitability level for the third quarter despite the economic slowdown, as we benefitted from the strong growth and demand from one of our OEM customers. However, business conditions for manufacturers like us will likely remain challenging given the current operating environment in China and the depressed situation in Europe and slow recovery in the US.”***

Segmental Revenue						
HK\$’M	3Q FY2012	3Q FY2011	% change	9M FY2012	9M FY2011	% change
<b>OEM</b>	526.9	423.9	24.3	1,469.9	1,178.2	24.8
<b>ODM</b>	80.2	95.1	(15.7)	244.5	244.7	(0.1)
<b>Licensing</b>	10.1	5.5	84.5	57.0	15.7	262.7
<b>Total</b>	617.2	524.5	17.7	1,771.4	1,438.6	23.1

As a result of an increase in demand from one of the Group’s major OEM customers, the Group’s OEM segment recorded HK\$526.9 million in revenue in 3Q FY2012, marking a 24.3% increase from HK\$423.9 million recorded in 3Q FY2011. For 9M FY2012, the OEM segment contributed HK\$1,469.9 million, which was a 24.8% increase from the same corresponding period.

For the ODM segment, revenue decreased by 15.7% to HK\$80.2 million in 3Q FY2012 from HK\$95.1 million in 3Q FY2011 mainly due to a slowdown in demand from the Group’s major ODM customers. For 9M FY2012, the ODM segment contributed a comparable HK\$244.5 million in revenue compared to HK\$244.7 million recorded in 9M FY2011.

Valuetronics’ Licensing business, which commenced in first quarter of FY2011, picked up its growth momentum and contributed HK\$10.1 million in 3Q FY2012, which was an 84.5%

increase from HK\$5.5 million in 3Q FY2011. On a nine-month basis, revenue contribution from the Licensing business increased by 262.7% to HK\$57.0 million in 9M FY2012 from HK\$15.7 million in 9M FY2011.

Commenting on the Licensing business, Mr Tse said, ***“Our Licensing business has been steadily growing despite the sluggish growth of US economy and lower consumer spending. Nevertheless, we are still continually pushing for greater penetration of major retailers and growth, especially with newer models of our air purifiers, fans and heaters.”***

The Group’s 3Q FY2012 gross profit grew marginally by 3.8% to HK\$84.2 million from HK\$81.1 million in 3Q FY2011. Gross profit margin for the quarter declined to 13.6% from 15.5% mainly due to the change in product sales mix during the period. For 9M FY2012, gross profit increased by 14.6% to HK\$255.8 million from HK\$223.3 million in 9M FY2011 and gross profit margin fell 1.1 percentage points to 14.4% from 15.5% in 9M FY2011.

Selling and distribution costs dropped by 16.3% to HK\$16.8 million in 3Q FY2012 from HK\$20.1 million in 3Q FY2011, mainly attributable to a decrease in advertising and promotional expenses and sales commissions payable to the Group’s sales representatives. Administrative expenses went up by 38.1% to HK\$32.8 million from HK\$23.8 million, largely due to the increase in salaries and bonuses for administrative and corporate employees. For the nine month period, selling and distribution costs was HK\$61.3 million (9M FY2011: HK\$52.0 million) and administrative expenses was HK\$97.5 million (9M FY2011: HK\$69.2 million).

For 3Q FY2012, profit before tax increased by 7.8% to HK\$38.7 million compared to HK\$35.9 million in 3Q FY2011, and the Group recorded a net profit of HK\$31.5 million, which was a slight decrease of 0.3% from HK\$31.6 million recorded in the previous corresponding quarter. On a whole, profit before tax for 9M FY2012 increased by 4.1% to HK\$110.2 million from HK\$105.9 million in 9M FY2011, and the Group recorded a net profit of HK\$91.9 million for 9M FY2012, representing a slight decrease of 1.3% from HK\$93.1 million in the previous corresponding period.

## **Financial Position**

In line with the growth in one of its OEM customers' demand, the Group's inventories increased from HK\$213.0 million as at 31 March 2011 to HK\$288.1 million as at 31 December 2011.

Trade receivables also increased to HK\$490.7 million as at 31 December 2011 from HK\$430.8 million as at 31 March 2011, which is in line with the growth in sales from one of the Group's major OEM customers. The Group's trade payables increased from HK\$302.4 million as at 31 March 2011 to HK\$395.0 million as at 31 December 2011, which resulted from the overall growth in purchases to cope with the increase in sales orders and the demand from customers during the period.

Cash and cash equivalents held by the Group stood at HK\$123.3 million as at 31 December 2011, compared to HK\$136.2 million as at 31 March 2011. This was largely attributable to the higher working capital requirements for the purpose of additional inventories, trade payables and trade receivables as well as the addition of machineries to cope with the increase in revenue and orders during the period.

As at 31 December 2011, the Group's net asset value per share stood at HK147.2 cents compared to HK133.9 cents as at 31 March 2011.

## **Business Outlook**

Taking the downgrade of credit ratings and debt crisis issues in the European Union into consideration, combined with the anaemic economic growth in the United States, the Group believes that these major markets will continue to put a drag on the recovery of the global economy and consumer spending, and that the consumer demand in these major markets will continue to remain subdued.

This macro environment, combined with the manufacturing challenges in the PRC such as pricing pressure, Renminbi appreciation, higher labour costs and inflation, has further added uncertainties to the already challenging business conditions for manufacturers like Valuetronics in 2012.

A slowdown in demand from some of Valuetronics' OEM and ODM customers in 3Q FY2012 was offset by the continuous strong demand and growth from one of its OEM customers. The Group's Licensing business, which currently includes the rights to design, manufacture, and distribute home comfort appliances, has continued to grow in the last nine months. The Group will continue its sales and marketing efforts to explore and penetrate major retailers in North America with its existing product portfolio which includes air purifiers, fans and heaters.

***“We have weathered economic downturns before. Today, we are operating a more productive company, with a broadened customer base and growing Licensing business, that is ready to meet the challenges brought on by the current business environment”***, Mr Tse added.

Moving forward, Valuetronics will continue to remain vigilant and continue improving its business and financial fundamentals which include its design and development capabilities, production efficiencies and inventory management. Barring any unforeseen circumstances, the Board of Directors of Valuetronics is confident that the Group will be profitable in FY2012.

- End -

Issued for and on behalf of Valuetronics Holdings Limited  
by Cogent Communications Pte Ltd, Tel: (65) 6323-1060, Fax: (65) 6222-1210

Ms Eunice Choy      [eunice@cogentcomms.com](mailto:eunice@cogentcomms.com) (DID: 6323 3936, MOB: 9649 4427)

Ms Celine Ooi      [celine@cogentcomms.com](mailto:celine@cogentcomms.com) (DID: 6323 3178, MOB: 9820 3845)

Mr Gerald Woon      [woon@cogentcomms.com](mailto:woon@cogentcomms.com) (DID: 6323 1051, MOB: 9694 8364)

***About Valuetronics Holdings Limited (Bloomberg: VALUE.SP / Reuters: VLUE.SI)***

*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 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. For more information, please visit:*  
[www.valuetronics.com.hk](http://www.valuetronics.com.hk)