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Media Release – Valuetronics' Q2FY2014 net profit up 1,097.6% to reach HK\$39.6 million * 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 *	30-09-2013
Description	Please see attached.

Attachments

 [VHL-2QFY2014-MediaRelease.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

Valuetronics' Q2FY2014 net profit up 1,097.6% to reach HK\$39.6 million

- **Net profit grew ten times largely due to increase in demand from customers and with no further expenditure having been incurred for the loss-making Licensing business, which was terminated in FY2013**

Singapore, 8 November 2013 – 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 and manufacturing partner for the world’s leading brands in the consumer, industrial and commercial electronics sectors today announced that its net profit for the three months ended 30 September 2013 (“Q2FY2014”) increased by more than ten times to HK\$39.6 million, due to an increase in demand from some of its Industrial and Commercial Electronics (“ICE”) customers and Consumer Electronics (“CE”) customers as well as no further expenditure having been incurred for its loss-making Licensing business, which was terminated in the previous financial year.

Mr Ricky Tse Chong Hing (谢创兴), Chairman and Managing Director of Valuetronics commented: ***“I am pleased with the record revenue for this second quarter despite the challenging business conditions. Our profitability has grown as we continue our business development efforts to drive contributions from new customers and expand our product portfolio, especially in the Industrial and Commercial Electronics segment. We are looking at ways to further increase both our capacity and productivity in a prudent manner, in tandem with our customers’ market outlook.”***

Q2FY2014 Financial Highlights

HK\$'M	3 months ended 30 September			6 months ended 30 September		
	Q2FY2014	Q2FY2013	% Change	HY2014	HY2013	% Change
Continuing Operations						
Revenue	632.0	595.5	6.1	1,243.3	1,222.9	1.7
Gross Profit	84.0	72.3	16.3	162.9	146.2	11.4
Profit for the period	39.6	34.5	14.8	72.9	67.0	8.8
Discontinued Operations						
Loss for the period	-	(31.2)	NM	-	(38.0)	NM
Net Profit	39.6	3.3	1,097.6	72.9	29.0	151.0

The Group's revenue increased by 6.1% or HK\$36.5 million in from HK\$595.5 million for the three months ended 30 September 2012 ("Q2FY2013") to HK\$632.0 million in Q2FY2014, mainly due to growth from its ICE and CE customers. For the six months ended 30 September 2013 ("HY2014"), revenue increased by 1.7% or HK\$20.3 million to HK\$1,243.3 million from HK\$1,222.9 million for the previous corresponding period ("HY2013").

Segmental Revenue						
HK\$'M	Q2FY2014	Q2FY2013	% Change	HY2014	HY2013	% Change
Consumer Electronics	451.7	436.4	3.5	885.0	915.3	(3.3)
Industrial & Commercial Electronics	180.3	159.1	13.3	358.3	307.6	16.5
Total	632.0	595.5	6.1	1,243.3	1,222.9	1.7

In Q2FY2014, CE revenue increased by 3.5% to HK\$451.7 million from HK\$436.4 million in Q2FY2013 and ICE revenue increased by 13.3% to HK\$180.3 million in from HK\$159.1 million in Q2FY2013, due to an increase in demand from some of the Group's CE and ICE customers respectively.

On a six-month basis, CE revenue decreased by 3.3% to HK\$885.0 million from HK\$915.3 million mainly due to a change in sales mix from some of the CE customers, while ICE revenue grew 16.5% to HK\$358.3 million from HK\$307.6 million due to an increase in demand from some of the ICE customers.

The Group's gross profit for Q2FY2014 increased by 16.3% to HK\$84.0 million from HK\$72.3 million in Q2FY2013, while its gross profit margin improved from 12.1% to 13.3%. For HY2014, gross profit increased by 11.4% to HK\$162.9 million from HK\$146.2 million in HY2013, while gross profit margin improved from 12.0% to 13.1%. The changes in gross profit margin reflected the change in product sales mix during the periods reviewed.

Selling and distribution costs grew by 20.1% to HK\$10.8 million for Q2FY2014 and grew by 17.5% to HK\$22.4 million for HY2014 mainly due to increases in logistic costs to deal with the increase in sales volume and commission expenses for sales representatives. Administrative expenses also increased by 7.8% to HK\$30.8 million in Q2FY2014 and by 6.5% to HK\$60.7 million for HY2014 mainly due to salary increases for eligible employees during the periods reviewed.

Net profit attributable to shareholders for Q2FY2014 grew by 1,097.6% to HK\$39.6 million from HK\$3.3 million. For HY2014, net profit attributable to shareholders grew by 151.0% to HK\$72.9 million from HK\$29.0 million.

As at 30 September 2013, Valuetronics has a net asset value per share of HK176.5 cents (31 March 2013: HK164.5 cents), total assets of HK\$1,415.7 million (31 March 2013: HK\$1,112.4 million), cash and cash equivalents of HK\$288.7 million (31 March 2013: HK\$221.6 million), and shareholders' funds of HK\$644.4 million (31 March 2013: HK\$592.2 million) with zero debt.

Business Outlook

The business conditions under which the Group operates remain challenging, which include rising wages and costs in the PRC. Notwithstanding, the Group continued to experience improvement in demand and orders from both CE and ICE segments. The Group has also managed to achieve record high revenue for Q2FY2014.

Consumer Electronics segment

To support the seasonal demand from major CE customers in Q2FY2014, the Group has increased its production capacity. During this quarter, it has also successfully completed the co-development of a semi-auto assembly line with one of its customers to support their growth in the mass market.

Industrial and Commercial Electronics segment

The Group continued to benefit from the strong growth of some of its major ICE customers in Q2FY2014. The transfer of production from new and existing ICE customers has been smooth and successful, and this has enhanced the Group's product portfolio as well as contributed to the increase in revenue for this segment.

While the Group's efforts to drive contributions from new ICE customers continue unabated, it will continue to remain vigilant in monitoring market developments, and improve its fundamentals i.e. design and development capabilities, production efficiencies and inventory management.

Barring unforeseen circumstances, the directors expect the Group to achieve growth in profitability for the financial year ended 31 March 2014.

End.

About Valuetronics Holdings Limited

Valuetronics is a premier design and manufacturing 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. Headquartered in Hong Kong, the Group's main manufacturing facility is located in Long Shan 2nd Road, Western District of Science and Technology Park, Dayawan Economy and Technology Development District, Huizhou City, Guangdong Province, PRC.

For more information, please visit <http://www.valuetronics.com.hk>.

Issued for and on behalf of Valuetronics Holdings Limited by Cogent Communications Pte Ltd. For more information, please contact:

Gerald Woon
DID: (65) 6704 9268
MOB: (65) 9694 8364
Email: woon@cogentcomms.com

Constance Ng
DID: (65) 6704 9287
MOB: (65) 9688 6913
Email: constance@cogentcomms.com
