

**VST HOLDINGS LTD:  
THIS COMPANY'S SHARES SEEM TO BE WORTH A FLYER**

After staying in the financial doldrums, so to speak, since going public in May 2002, it is apparent that VST Holdings Ltd () (Code: 856, Main Board, The Stock Exchange of Hongkong) is headed for the good life.

According to **TARGET**'s analysis of this company, in the Current Financial Year, ending March 31, 2007, it is quite likely that this distributor of computer accessories in the People's Republic of China (PRC) and the Hongkong Special Administrative Region (HKSAR) of the PRC will see its Net Profits hit about \$HK134 million.

That would be an increase of about 20 percent, Year-On-Year.

The reason for the increase is due to a change in the company's modus operandi whereby it will, this year, be selling large quantities of product, directly to manufacturers.

The effect of this move is likely to be that the volume of activity will be higher, but the payment terms will be longer.

Previously, VST had been selling product to retailers, directly, giving them only 7 days' credit terms.

While there would appear to be no intention to change this policy – after all, money is still money – at the same time, the company has opened up 2 new offices, one in Shenzhen and one in Shanghai.

The rationale behind the opening of these new offices is to put the company in a position to be able to approach manufacturers, directly, and, at the same time, be able to maintain higher inventory levels in order to meet the requirements of customers.

VST has, already, increased its full-time employees from 71 workers, as at March 31, 2006, to 105 workers, as at today's date, according to **TARGET**'s usually reliable information.

The company, however, continues to hang out the sign: '*Employment available*'.

For the Financial Year, ended March 31, 2006, VST reported a Net Profit Attributable to Shareholders of about \$HK111.77 million on a Turnover of about \$HK3.71 billion.

It recommended and paid out dividends of 6 cents per share, costing the company about \$HK52.46 million.

The Dividend Payout ratio was a generous 47 percent, therefore.

The 2006 dividend contrasted, sharply, with the 2005-Year's when the company paid out just \$HK9.38 million in dividends, the Dividend Payout Ratio for that Year, being just 34.21 percent.

There is little to compare the 2006-Year with the 2005-Year because the situation in this company has changed so markedly in a period of 12 months.

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