



## **FY2020 Results Presentation**

**Note: This presentation is to be read in conjunction with the announcement issued on SGXNET on 3 June 2020.**

# Important Notice

*This presentation contains forward-looking statements which can be identified by the context of the statement and generally arise when the Company is discussing its beliefs, estimates or expectations. Such statements may include comments on industry, business or market trends, projections, forecasts, and plans and objectives of management for future operations and operating and financial performance, as well as any related assumptions.*

*Readers of this presentation should understand that these statements are not historical facts or guarantees of future performance but instead represent only the Company's belief at the time the statements were made regarding future events, which are subject to significant risks, uncertainties and other factors, many of which are outside of the Company's control. Actual results and outcomes may differ materially from what is expressed or implied in such forward-looking statements.*

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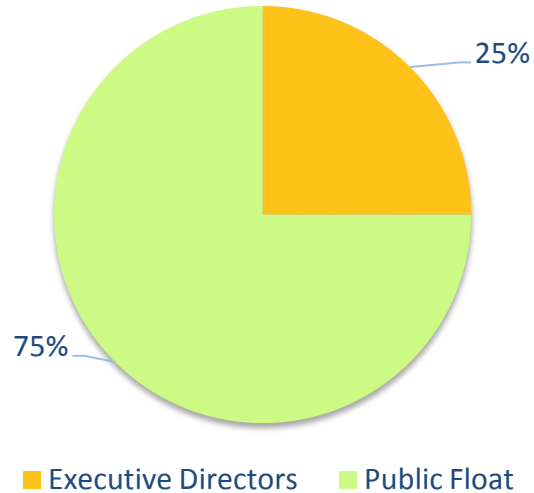
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# Corporate Profile

## Shareholding



Bloomberg Code	VALUE.SP
Reuters Code	VLUE.SI
Stock Code	BN2
Index	FTSE ST Small Cap, FTSE ST China
Issued shares (M)	435.6
Mkt cap (SG\$M) (27 May 2020)	285.3
Share price (SG\$) (27 May 2020)	0.655
Average volume 3-mth ('000)	3,468
52 wk range (SG\$) (27 May 2020)	0.435 – 0.86

## Corporate Information

- Electronic Manufacturing Services (“EMS”) player established in 1992 in Hong Kong
- Listed on Main Board of SGX on 28 March 2007
- Production facilities in Daya Bay & Danshui Town, Guangdong, PRC (60 minutes from Shenzhen) and Vinh Phuc Province, Vietnam
- Auditors: PricewaterhouseCoopers
- Around 3,500 employees (31 Mar 2020)

## Integrated EMS Provider

- Engineering Design & Development
- Product Design & Deployment
- Plastic Injection Moulding
- Tool Design and Tool Fabrication
- Metal Stamping & Machining
- Printed Circuit Box Assembly and Box Build Assembly
- Supply Chain Management

## Accreditations

ISO9001:2008, ISO14001:2004, ISO13485: 2003, TL9000 R5.5, TS16949: 2009, IPC J STD-001, IPC-A-610 QML Class 3

# Business Model

Value Add

## A Premier Design and Manufacturing Partner

### Integrated Manufacturing Services

- SMT
- Auto insertion & Selective soldering
- Wire bonding
- FG assembly
- CNC machining
- Injection molding
- Tool design & fabrication

### Engaging in Customers Value Chain















- Design for manufacturing
- Design & build test fixtures
- Rapid prototyping
- Regulatory compliances
- Supply chain management services

### Design & Development

- Mechanical & electrical engineering design from concept to mass production
- Better manufacturability with enhanced features & lower cost
- Software development
- Testing development
- Industrial design

Proactive deployment of Design & Development capabilities

# Key Milestones

1992	2002	2003	2005	2007	2008	2008
Headquartered in Hong Kong with manufacturing facilities in Danshui Town PRC	Use of ROHS equipment and accredited with TL9000	Adopted work cell management & updated to ISO9001:2000	Became Philips preferred supplier for its consumer lifestyle segment	Listed on SGX-Mainboard & commenced construction for Daya Bay Facility	Became Phillips preferred supplier for its Lighting segment	Completed Phase 1 construction of Daya Bay Facility
						
2009	2012	2014	2015	2017	2019	2019
Opened Daya Bay Facility, acquired medical business	Celebrated 20 <sup>th</sup> anniversary with revenue crossing HK\$2 billion	Adoption of formal dividend policy	Received TS16949 certification	Received 2016 Above & Beyond – Pinnacle Award for Supplier Excellence from Delphi	Awarded 2019 Sustainability Award, Small Cap – Runner Up from SIAS	Established Manufacturing footprint in Vietnam
						



# Daya Bay Facility – Bird's-Eye View

- Land use rights acquired in 2006
- Total site area > 110,000 sq m



# Customer & Product Portfolio

**Industrial & Commercial  
Electronics**

**Consumer Electronics**

- **Ability to accommodate customers requirement for various volume, mix and complexity**
- Customer base ranged from emerging enterprises in Northern American (low-volume complex custom product) to top global Multi-National Corporations (high-volume standards product)

# Industrial & Commercial Electronics

## Printers

**Nasdaq-listed Company**



**Transaction Printer for Slot, POS & Teller Station Machines**

**Global Brand owned by NYSE-listed MNC**



**Thermal Label Printer for Industrial & Commercial Use**



# Industrial & Commercial Electronics

## Sensing Devices

Unit of a NYSE-listed MNC



Cold Chain Temperature Monitor for Industrial & Commercial Use

Company owned by a UK PE Fund



Electronic Thermostats

Biotechnology company based in United States and Canada



Networked Pheromone Dispenser

# Industrial & Commercial Electronics (Cont'd)

## Communication Products

United States based Company



Taiwan-listed Company



Company Based in North America



High Precision GPS for Industrial Use



# Industrial & Commercial Electronics (Cont'd)

## Electronic Products for Automotive Industry

### Tier 1 Automotive System Manufacturer

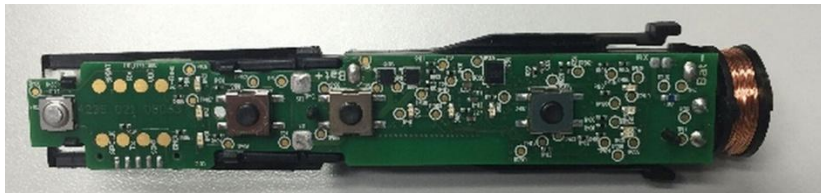
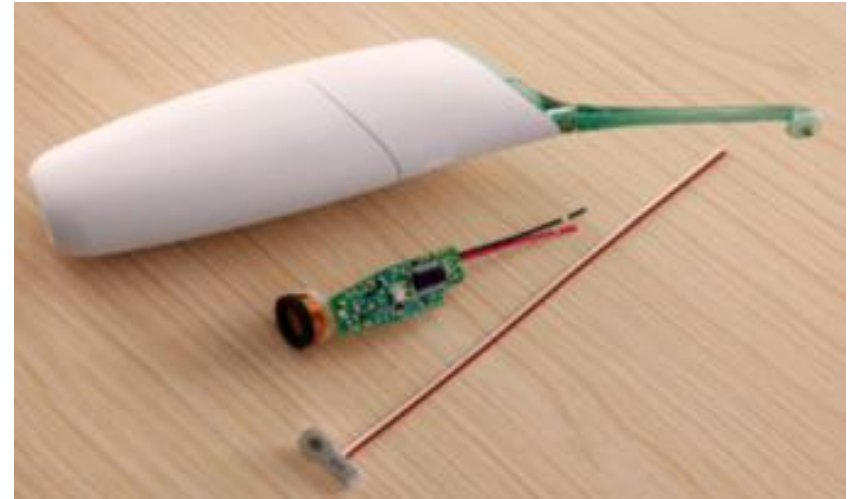


Data and media connectivity module

# Consumer Electronics

## Consumer Lifestyle Products

Consumer Lifestyle Division of a Dutch MNC

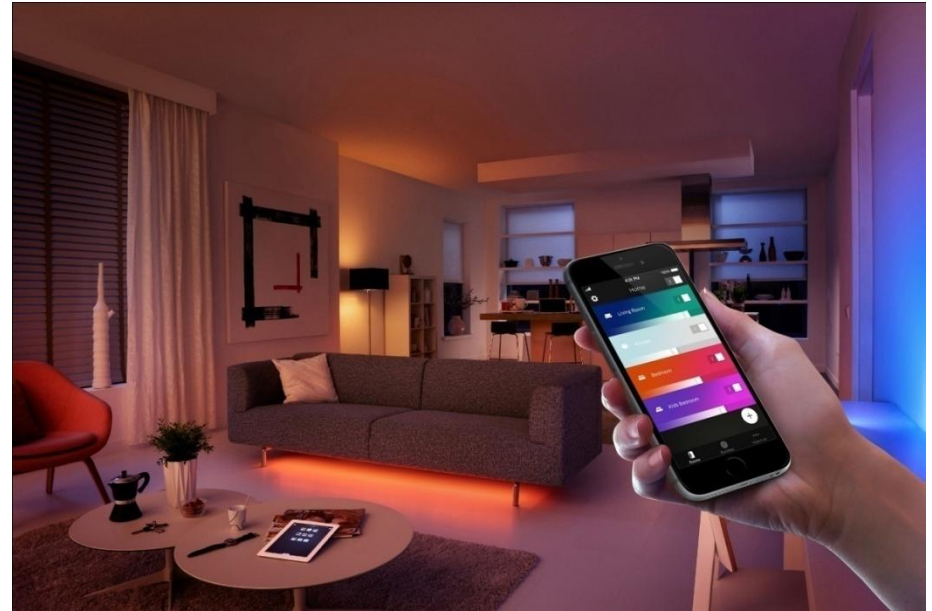


PCBA for Shavers & Electric Toothbrushes for Consumer Use



# Consumer Electronics (Cont'd)

## Smart Lighting with IOT Features



**Wireless lighting contain various LED specially chosen to produce wide range of intensities and over 16 million colours;  
Wirelessly controlled by mobile application**





## **FY2020 Financial Highlights**

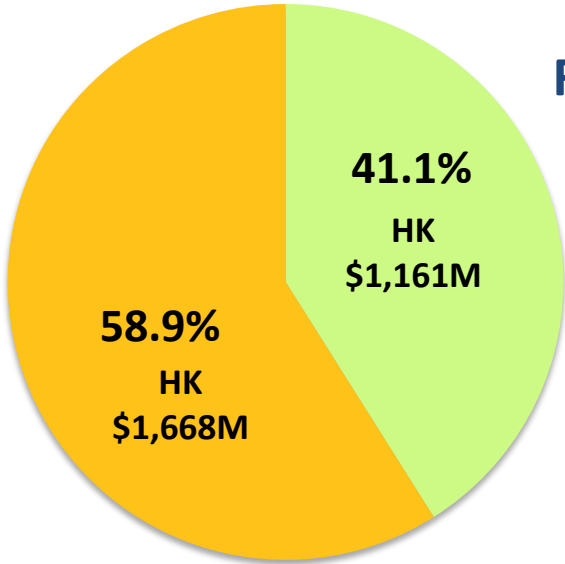
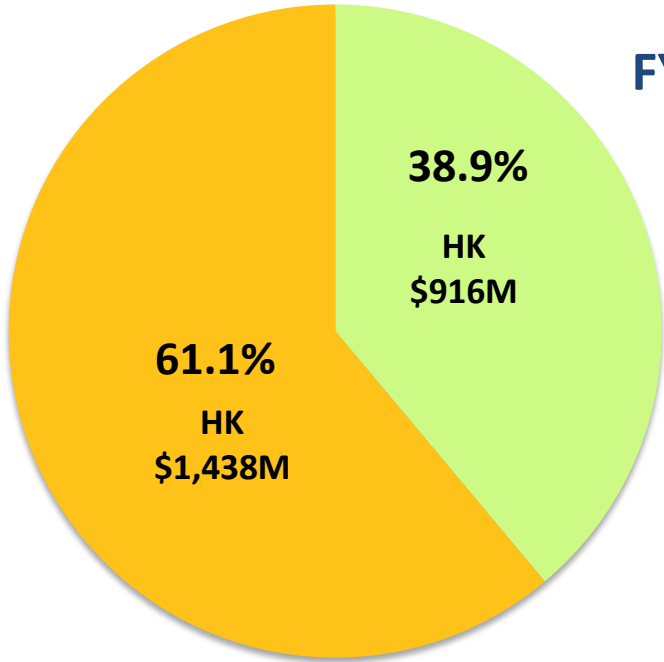
# Financial Highlights

HK\$'M	1HFY20	2HFY20	FY20	1HFY19	2HFY19	FY19	FY20 VS FY19 % Change
Revenue	1,367.1	987.3	2,354.4	1,420.2	1,408.6	2,828.8	-16.8
Gross Profit	205.9	156.9	362.8	209.8	220.5	430.3	-15.7
Gross Profit Margin	15.1%	15.9%	15.4%	14.8%	15.7%	15.2%	0.2% pt
Net other operating loss#	-	-	-	(13.6)	-	(13.6)	NM
Net Profit for the year	104.1	74.8	178.9	94.0	105.5	199.5	-10.3
Net Profit Margin	7.6%	7.6%	7.6%	6.6%	7.5%	7.1%	0.5% pt

# Impairment loss recognised in respect of flash floods that occurred on 17 September 2018 at the Danshui Plant.

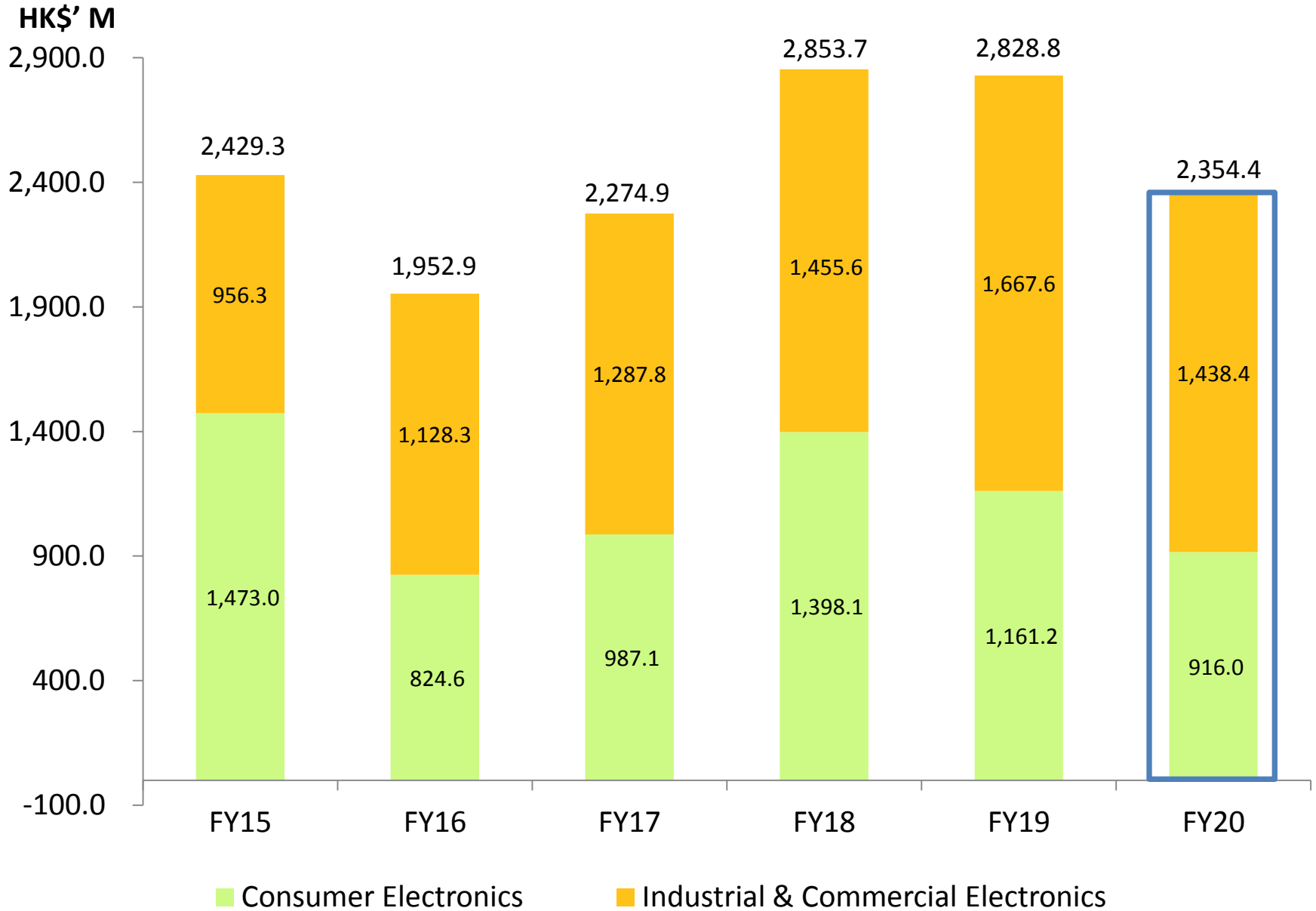
# Financial Highlights

## Revenue Contribution

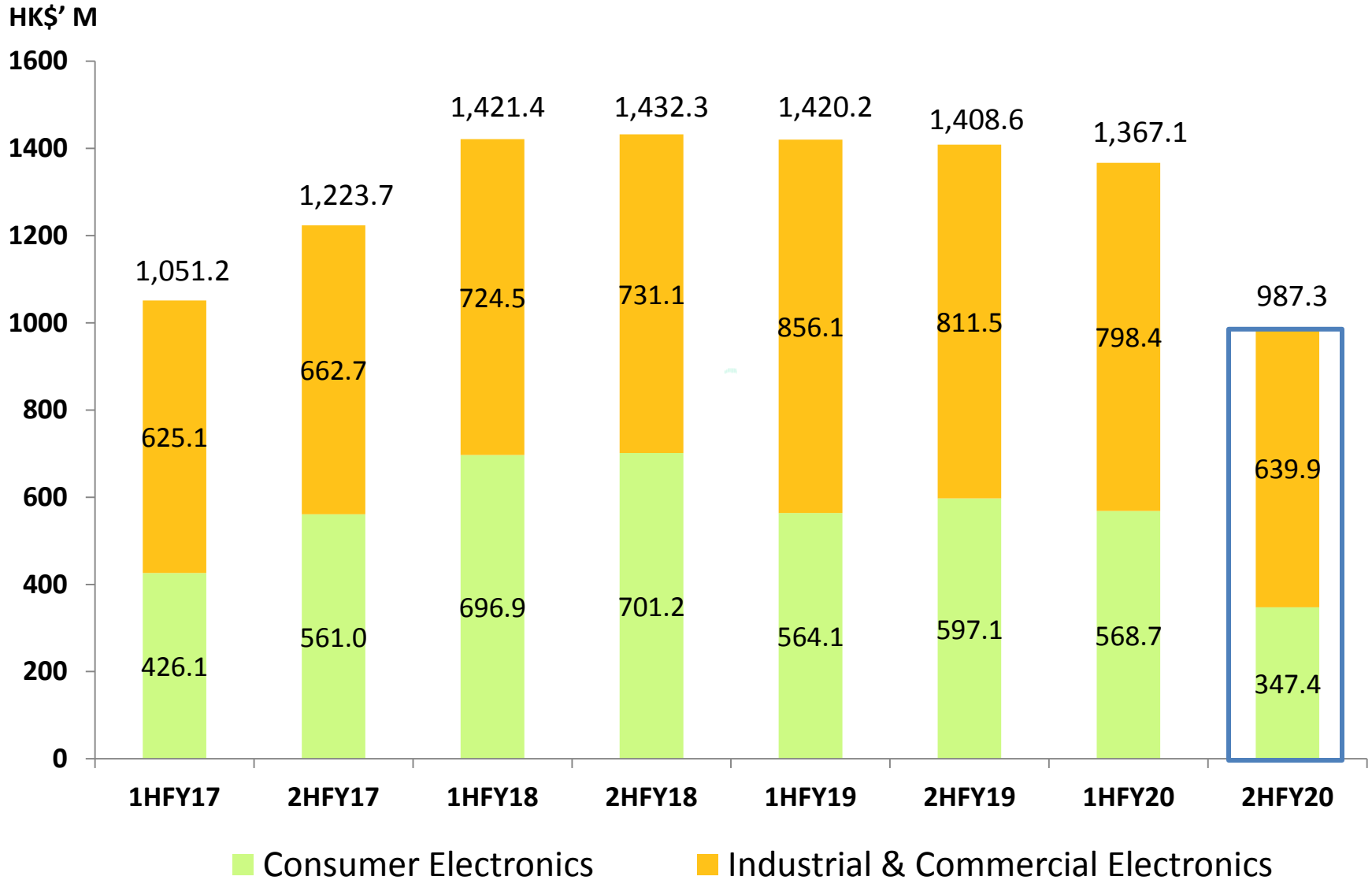


- Consumer Electronics
- Industrial and Commercial Electronics

# Revenue Trend

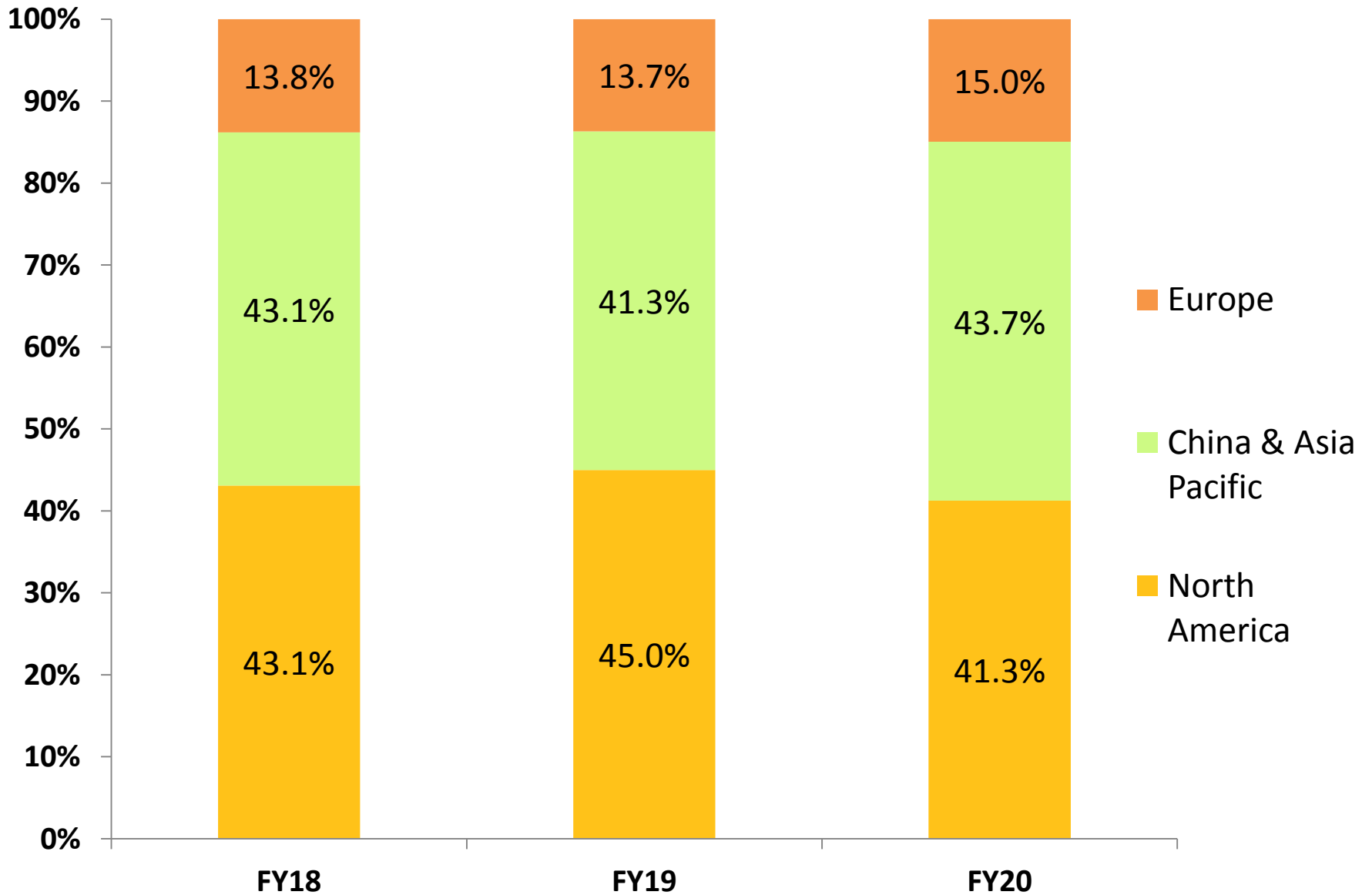


# Half-year Revenue

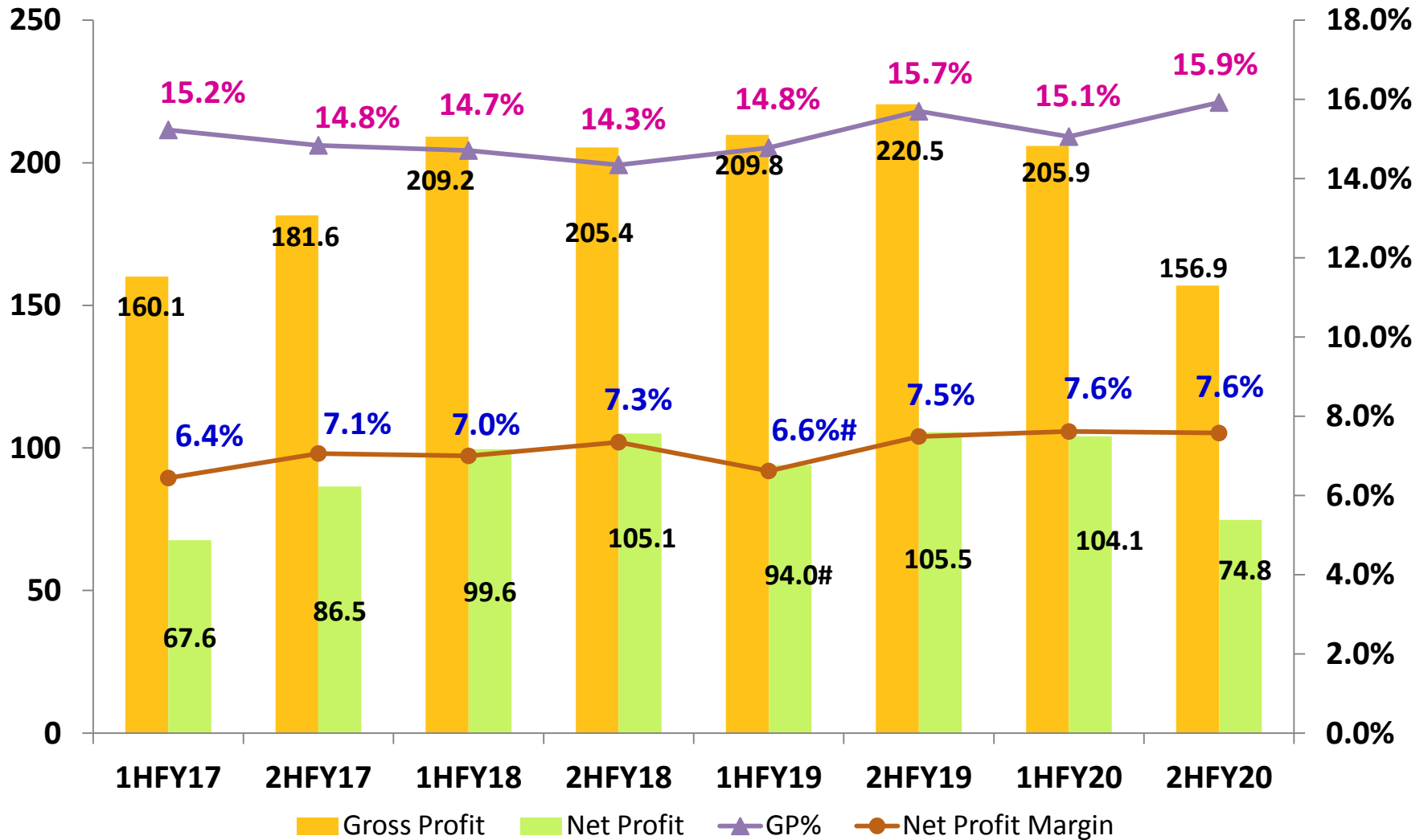




# Revenue by Shipment Destination

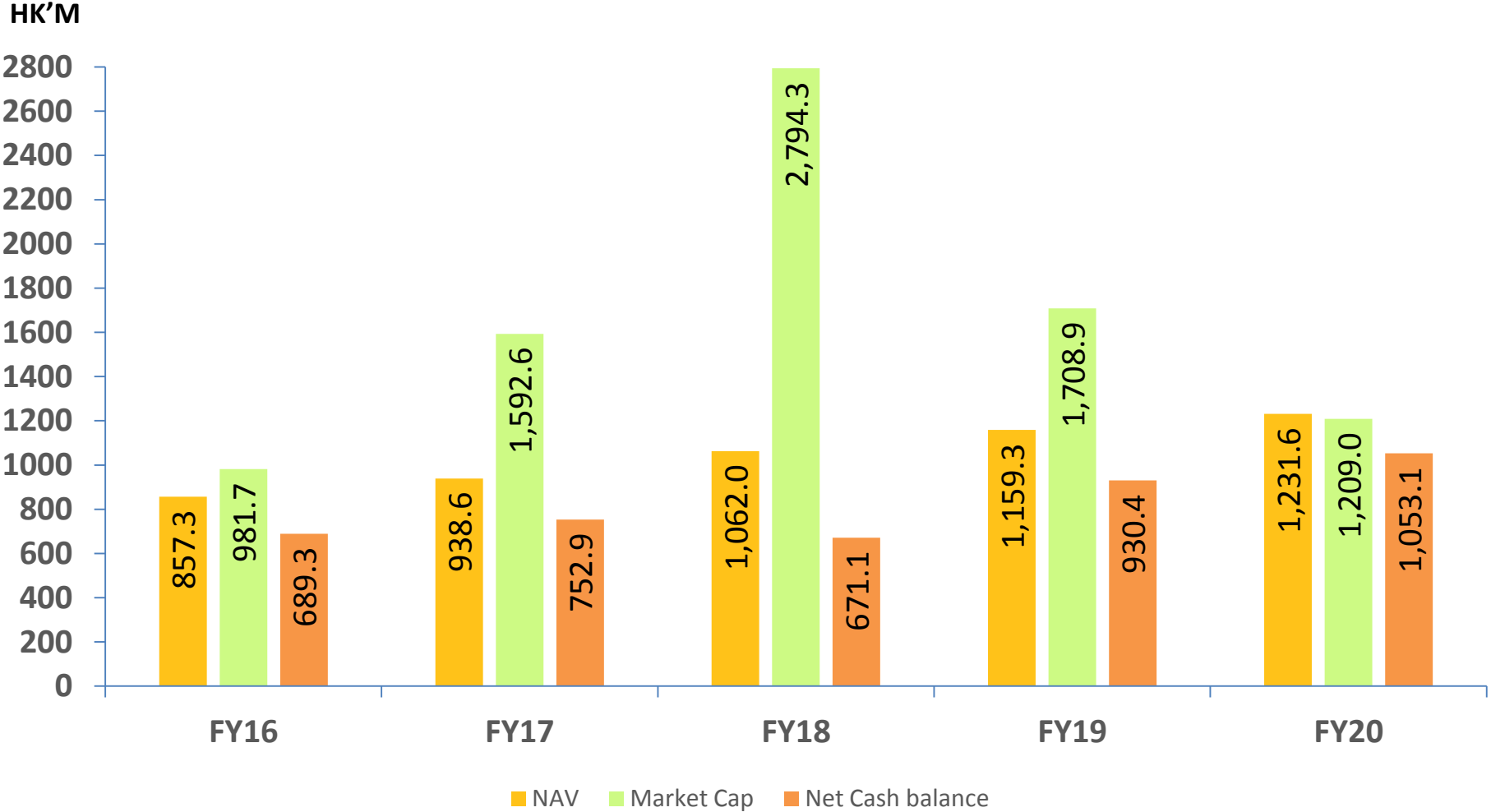


# Gross Profit & Net Profit Trend



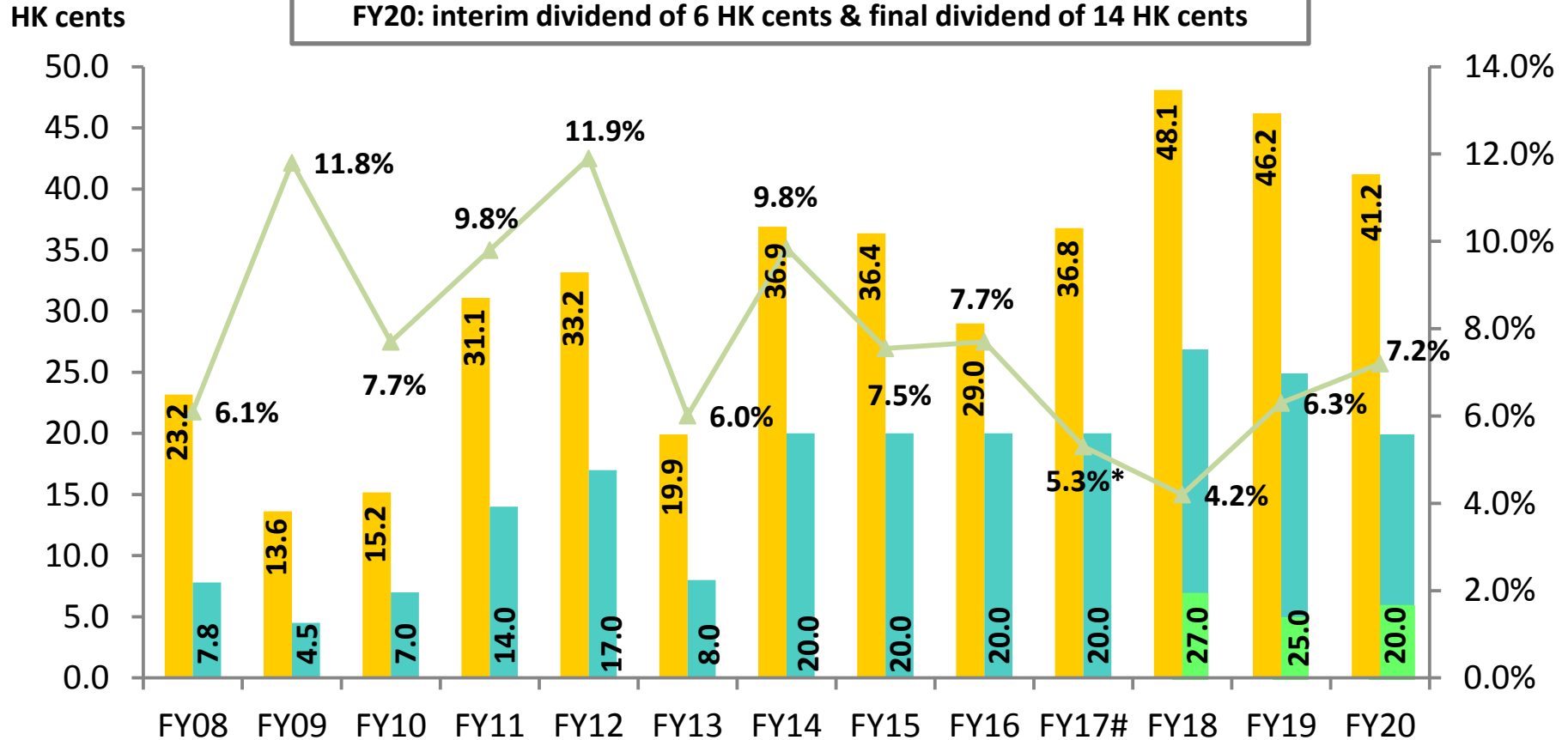
# Included the impairment loss of HK\$13.6M recognised in respect of flash floods at the Danshui Factory

# Market Capitalisation & Net Cash Balance



# Earnings Per Share & Dividends Per Share

We are committed to formal dividend policy of 30-50% payout ratio  
 FY20: interim dividend of 6 HK cents & final dividend of 14 HK cents



Share Price* (S\$)	0.21	0.07	0.15	0.21	0.21	0.19	0.30	0.43	0.41	0.68	1.08	0.68	<b>0.51</b>
Dividend Payout	30%	30%	42%	41%	47%	37%	49%	50%	63%	55% *	57%	54%	<b>49%</b>

■ EPS \*   
 ■ Dividend per share   
 ▲ Dividend Yield  
■ Interim Dividend

\* Adjusted for 1:10 bonus issue completed on Jun 2017

# Quantum of dividend has increased by 10% under 1:10 bonus issue

# Summary of Cash Flows

HK\$'000	FY20	FY19
<b>Operating Activities</b>		
Net cash generated from operating activities	<b>327,822</b>	<b>404,065</b>
<b>Investing Activities</b>		
Net cash generated from/(used in) investing activities	<b>56,596</b>	<b>(81,721)</b>
- Net redemption/(addition) of short-term bank deposits	155,000	(38,744)
- CAPEX	(118,755)	(47,059)
- Others	20,351	4,082
<b>Financing Activities</b>		
Net cash used in financing activities	<b>(110,518)</b>	<b>(101,645)</b>
<b>Net increase in cash and cash equivalents</b>	<b>273,900</b>	<b>220,699</b>
Effect of foreign exchange rate changes	3,751	(85)
<b>Cash and Cash equivalents</b>		
At beginning of the year	775,445	554,831
<b>At end of the year*</b>	<b>1,053,096</b>	<b>775,445</b>

\* As at 31 March 2019, cash and bank deposits of the Group amounted to HK\$930,445,000 comprise (i) cash and cash equivalents of HK\$775,445,000; and (ii) term deposits with initial terms of over three months of HK\$155,000,000.



# Balance Sheet & Key Ratios

HK\$'M	FY20	FY19
<b>Working capital</b>		
Inventories	227.9	302.0
Trade Receivables	326.4	436.8
Trade Payables	<u>(291.2)</u>	<u>(391.5)</u>
	<u>263.1</u>	<u>347.3</u>
<b>Net Current Assets</b>	902.4	850.5
<b>Net Cash</b>	1,053.1	930.4
<b>Net Assets</b>	1,231.6	1,159.3

Turnover Days	FY20	FY19
Inventories	41.8	46.0
Trade Receivables	50.6	56.4
Trade Payables	<u>(53.4)</u>	<u>(59.6)</u>
	<u>39.0</u>	<u>42.8</u>

# Key Financial Ratios

	FY20	FY19
Price (SGD) #	0.51	0.68
NAV per share (SGD)*	0.52	0.46
Cash per share (SGD)*	0.44	0.37
Cash to Mkt Cap ratio	87%	54%

	FY20	FY19
Current ratio	2.2	2.0
ROE	14.5%	17.2%
ROA	8.9%	9.9%
PB ratio	0.98	1.47

# Share price as at respective year end date

\*SGD/HKD Ex rate:

FY20: 5.44;

FY19: 5.79

# Business Outlook

## COVID-19

- COVID-19 pandemic, escalating Sino-US trade tensions, and global economic downturn has created toughest business environment in operating history
- COVID-19 outbreak in China in January 2020 led to slower than normal recovery of production capacity post Chinese New Year due to governmental restrictions
- Operations gradually normalised in mid-March 2020, but as COVID-19 pandemic worsened in Europe and North America customers temporarily shut down their operations under different government lockdowns and these unprecedented measures led to adverse demand-side shock which affected orders across all segments since March 2020

*Reader should refer to section 10 of the Results Announcements for the complete 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.*

# Business Outlook

## Sino-US trade tensions

- Conflict between US and China over the origin of COVID-19 pandemic is fanning broader tensions on trade and technology, and the Trump Administration continues to push US companies to move their supply chains out of China.
- In FY2020, approx. 39% of the Group's revenue was shipped to the US and even with phase one US – China trade deal signed in January 2020, a large majority of the Group's US shipment is still subject to tariffs ranging from 7.5% to 25%
- Escalating trade tensions have resulted in customers accelerating diversified procurement strategies outside China

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# Business Outlook

## Customers shifting supply chain outside China

- Several customers have indicated that they will start diversifying production between the Group's China plant and Vietnam plant
- While some customers in the auto industry and Consumer Electronics segment have plans to switch over to other suppliers in North America to serve the US market in FY2021

## Expansion to Vietnam

- Expansion to Vietnam progressing as planned with trial production at second facility located in a 4,000 sqm leased standard factory in May 2020 after mass production in June 2019 at first leased manufacturing facility

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# Business Outlook

## Building Vietnam Campus

- In November 2019 the Group signed a sub-lease agreement to acquire 52,541 sqm of land in an industrial park run by a Japanese group for the development of own Vietnam campus
- Expected to commence mass production at new Vietnam campus by the last quarter of FY2022 and the Group is well positioned to cater to the evolving supply chain needs of customers with the new campus and leased facilities
- CAPEX for the construction of Vietnam campus is estimated to be around HK\$200 million and will be financed through internal resources

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# Business Outlook

## Overview

- With COVID-19 pandemic and Sino-US trade tensions, the Group is facing an unprecedented crisis that is also affecting the entire world and making outlook for the FY2021 highly uncertain
- Even with a series of precautionary and control measures for lowering operating costs being undertaken to mitigate the impact, FY2021 financial results are expected to be significantly lower compared with FY2020

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**Sustainability**

# Corporate Sustainability Highlights



## Sustainability Award (Small Cap)

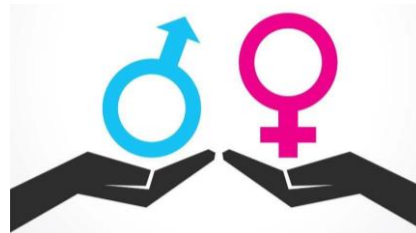
Runner Up

Recognised for the efforts in adopting and reporting on environment, social and governance practices



## Environmental Compliance

Achieved ISO14000 accreditation, standards for environmental management since 2008



## Diversity

Achieved an almost equal ratio of worker and staff distribution by gender. No incidents of discrimination reported.



## Local Community Engagement

Carried out such engagements at least once every quarter