



## Q1FY20 Results Presentation

Note: This presentation is to be read in conjunction with the announcement issued on SGXNET on 14 August 2019.

# 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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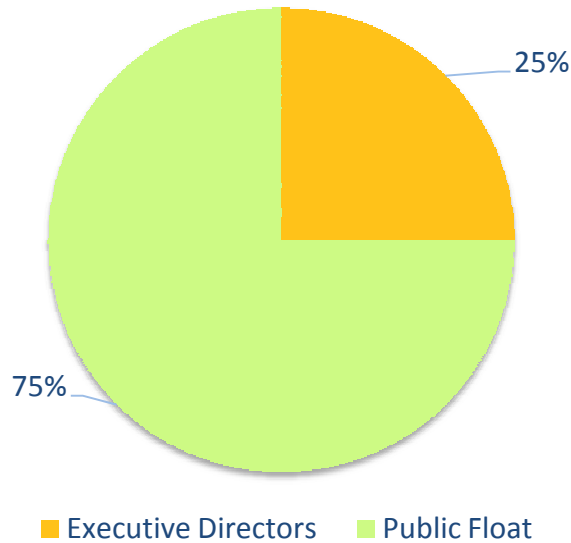
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# Corporate Profile

## Shareholding



Bloomberg Code	<b>VALUE.SP</b>
Reuters Code	<b>VLUE.SI</b>
Stock Code	<b>BN2</b>
Index	<b>FTSE ST Singapore, FT ST China, FTSE Global MicroCap</b>
Issued shares (M)	<b>434.0</b>
Mkt cap (SG\$M) (7 Aug 2019)	<b>271.3</b>
Share price (SG\$) (7 Aug 2019)	<b>0.63</b>
Average volume 3-mth ('000)	<b>1,698</b>
52 wk range (SG\$) (7 Aug 2019)	<b>0.59 – 0.79</b>

### 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)
- Auditors: PricewaterhouseCoopers
- Around 4,000 employees (30 Jun 2019)

### Accreditations

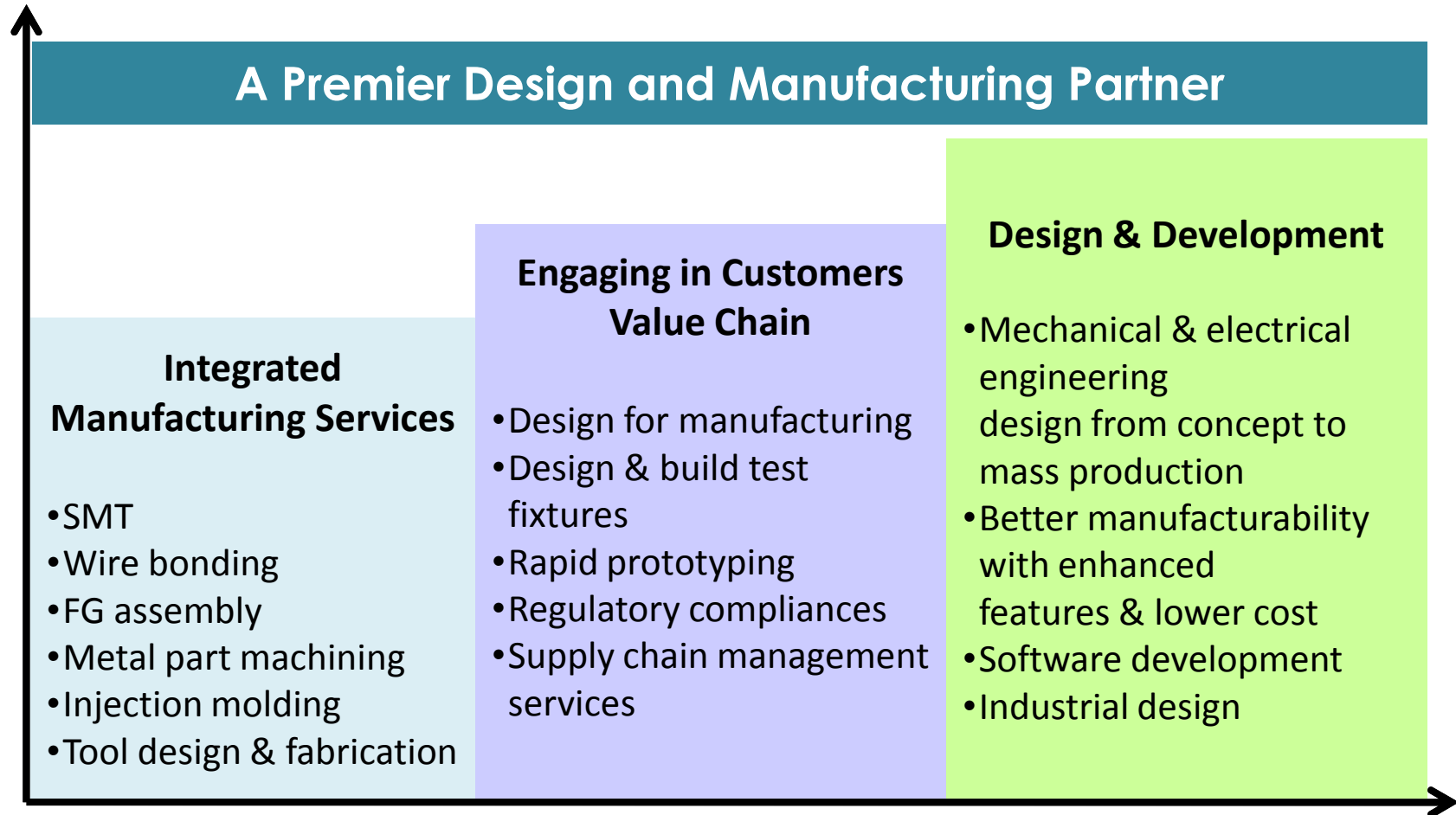
ISO9001:2008, ISO14001:2004, ISO13485: 2003, TL9000 R5.5, TS16949: 2009, IPC J STD-001, IPC-A-610 QML Class 3

### 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













# Business Model

Value Add



Proactive deployment of Design & Development capabilities

# Key Milestones

1992	2002	2003	2005	2007	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
					
2008	2009	2012	2014	2015	2017
Completed Phase 1 construction of Daya Bay Facility	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
					

# 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

### Company owned by a UK PE Fund



Barcode and Transaction Printing Solution Provider for Retail, Banking, Manufacturing, Logistics and Healthcare industries

### 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 Chemical Dispenser

# Industrial & Commercial Electronics (Cont'd)

## Communication Products

### United States based Company



Captioning phone for the hearing loss

### 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

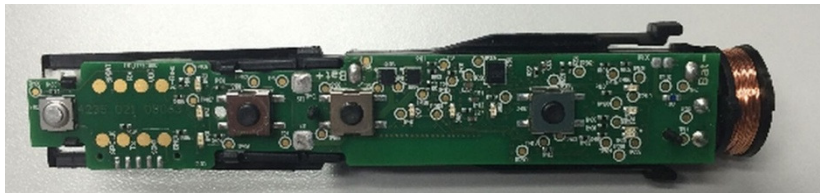
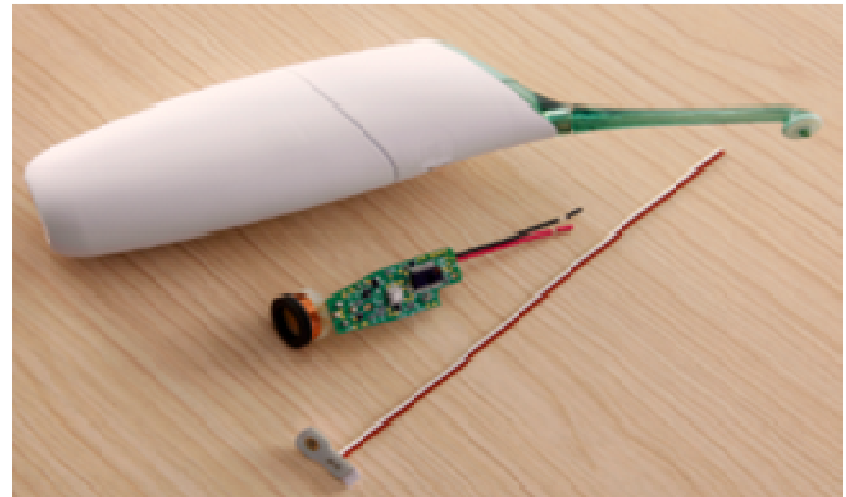


Data and media connectivity module

# Consumer Electronics

## Consumer Lifestyle Products

Consumer Lifestyle Division of a Dutch MNC



PCBA for Shavers & Electric Toothbrushes for Consumer Use



Subsidiary of Homax Group  
(Wholly-owned by PE firm)

15W and 40W Bug Zappers



# 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**





## Q1FY20 Financial Highlights

# Financial Highlights

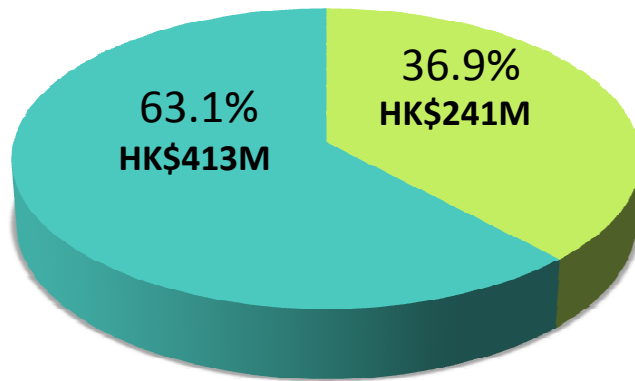
HK\$'M	Q1FY20	Q1FY19	% Change
Revenue	654.3	704.0	-7.1
Gross Profit	99.0	102.8	-3.7
Gross Profit Margin	15.1%	14.6%	0.5% pt
Net Profit for the period	48.1	49.7	-3.2
Net Profit Margin	7.4%	7.1%	0.3% pt



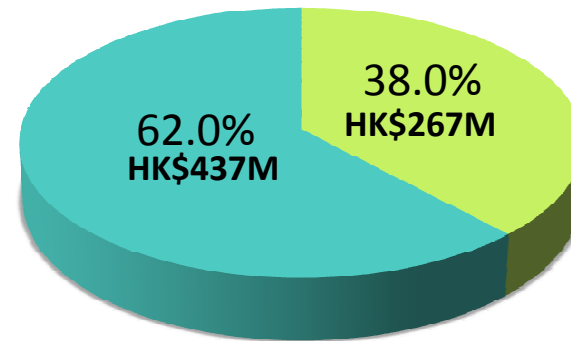
# Financial Highlights

## Revenue Contribution

### Q1FY20

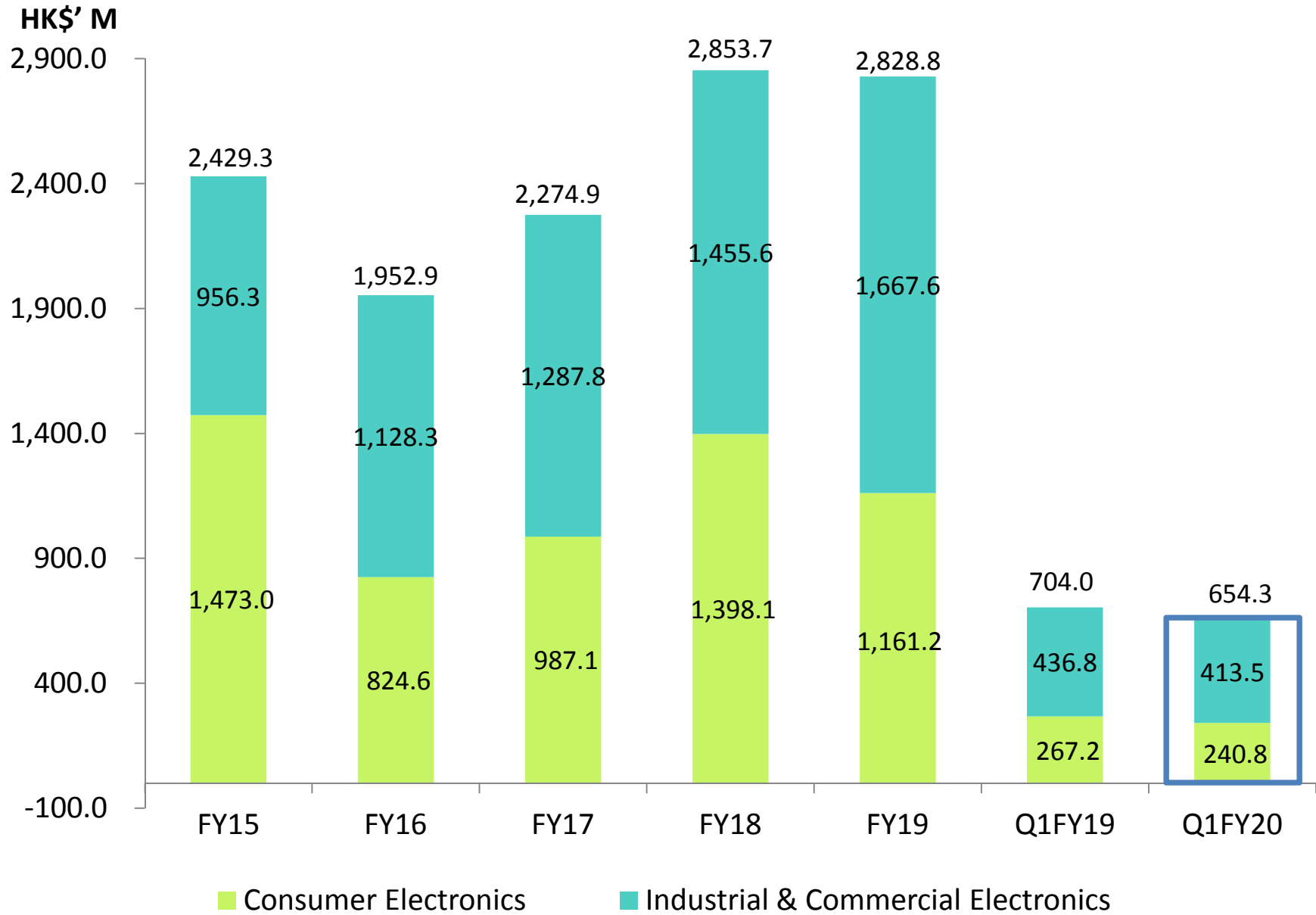


### Q1FY19

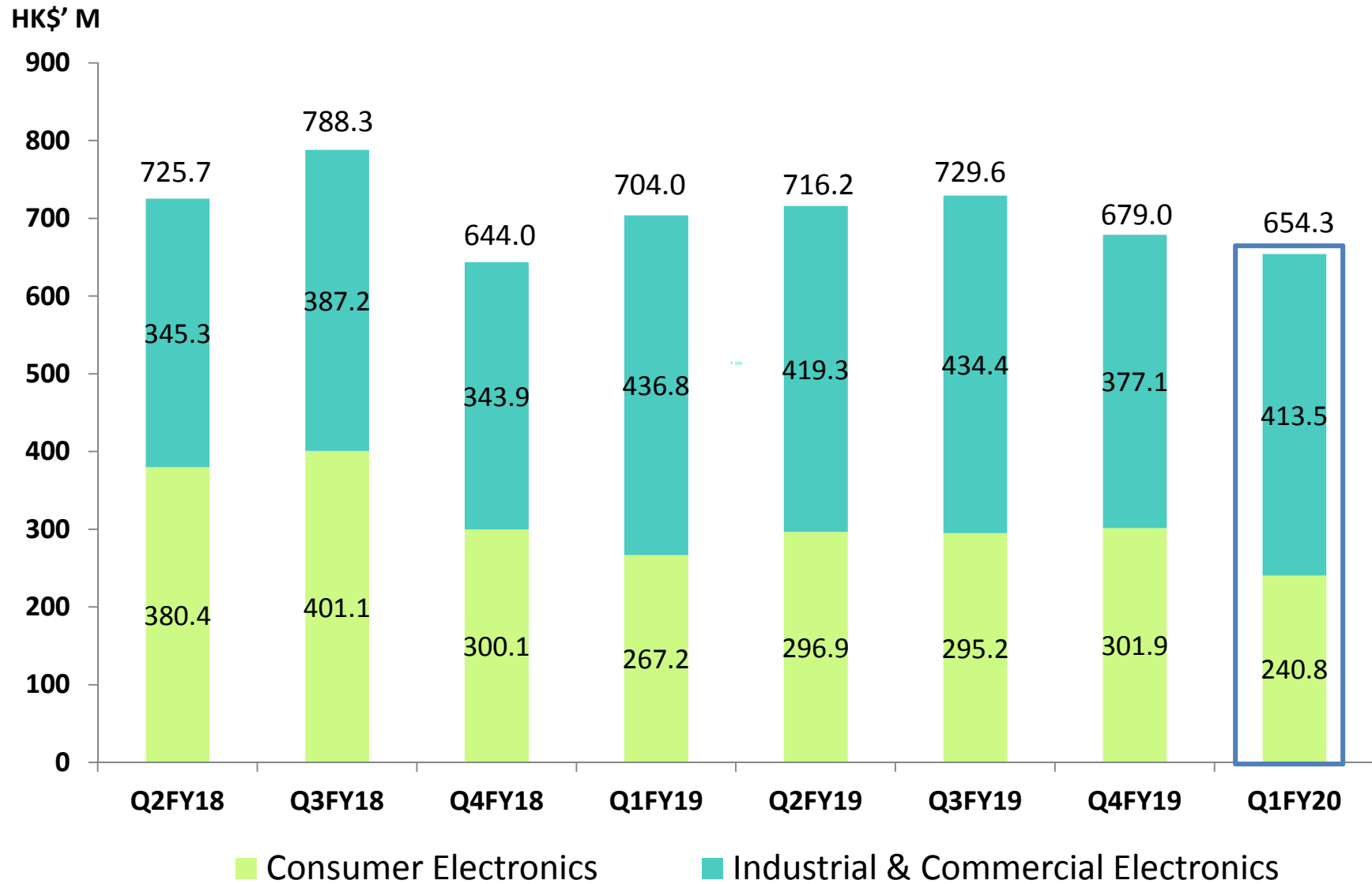


- Consumer Electronics
- Industrial and Commercial Electronics

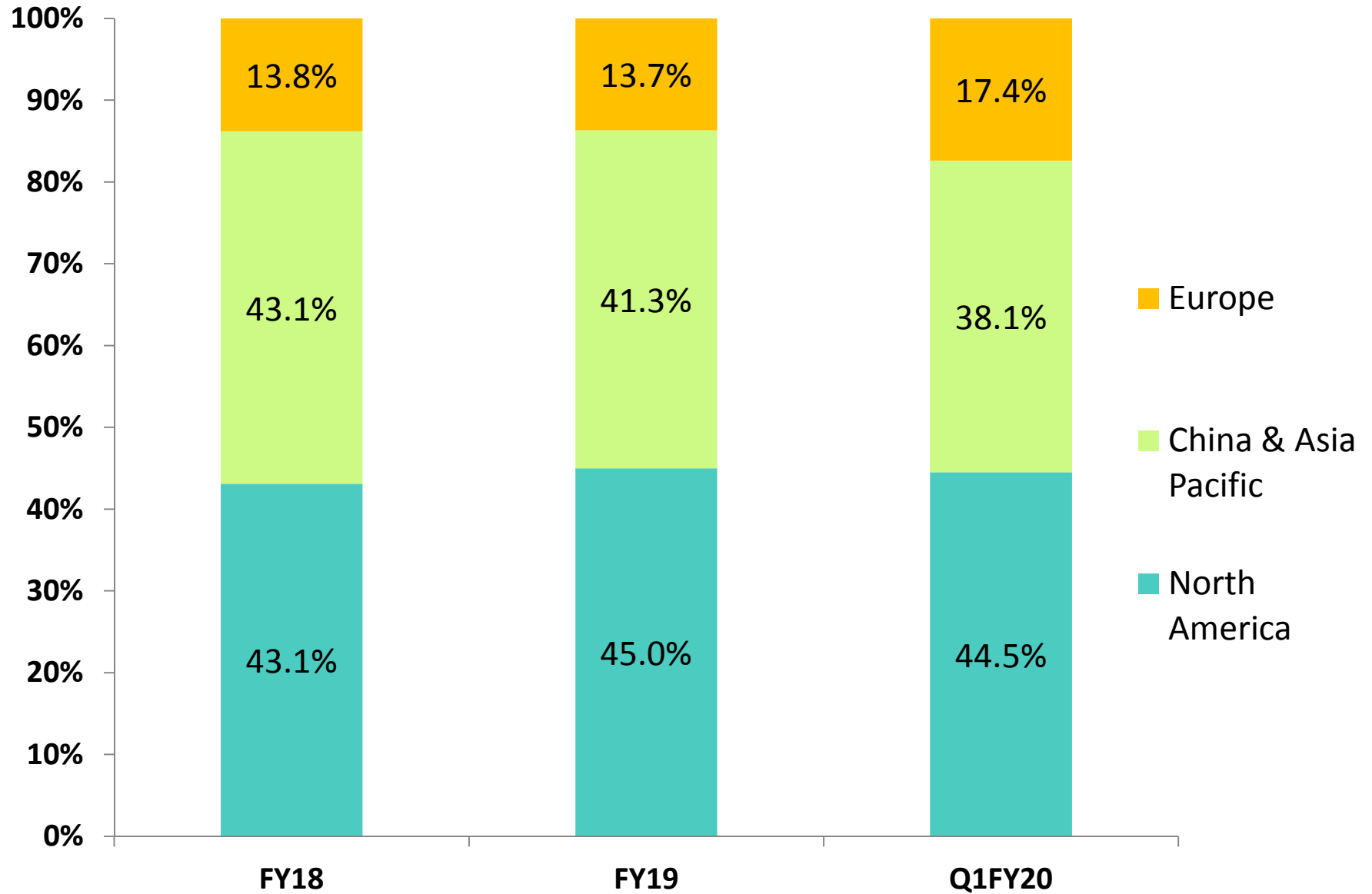
# Revenue Trend



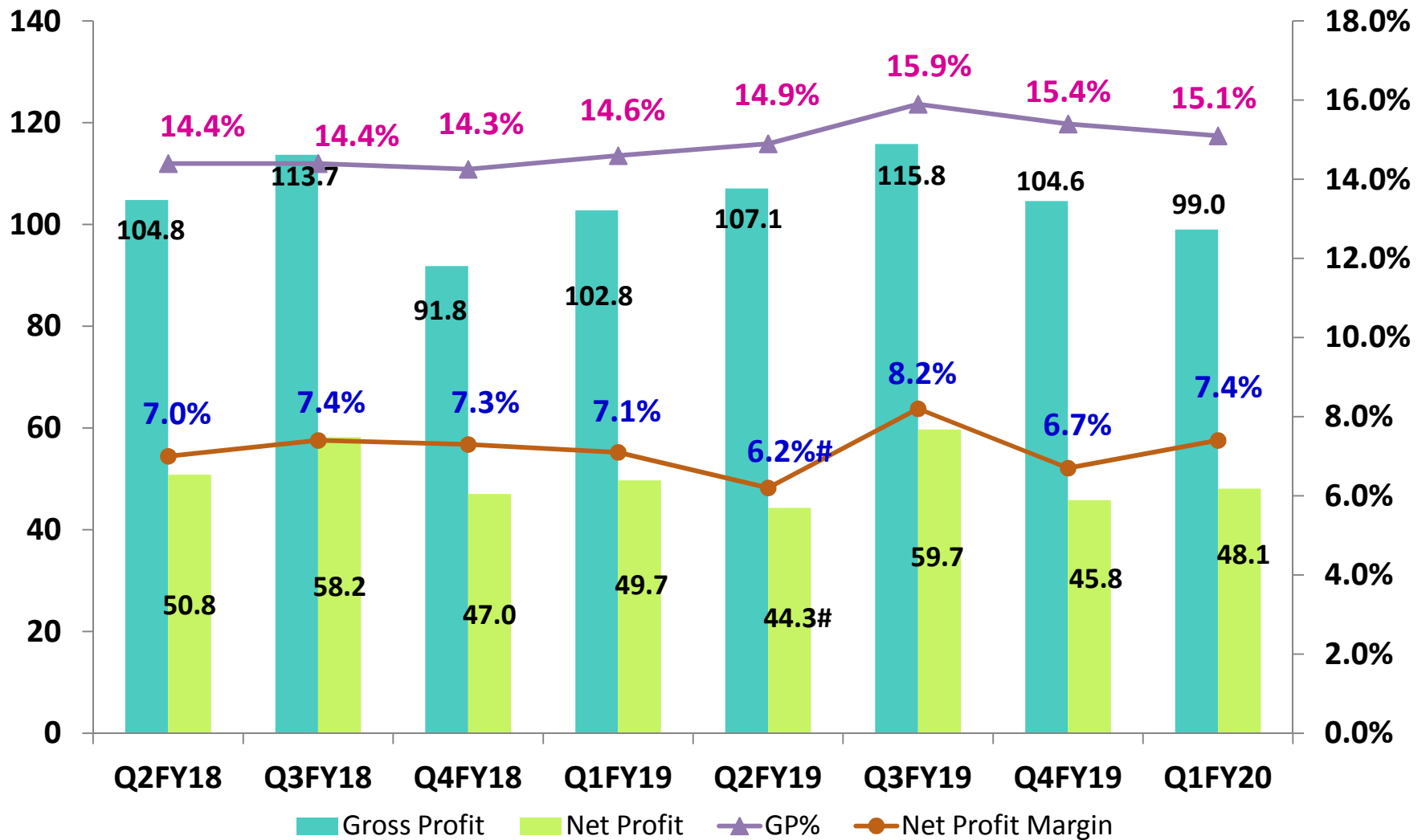
# Quarterly Revenue



# Revenue by Shipment Destination



# Gross Profit & Net Profit Trend



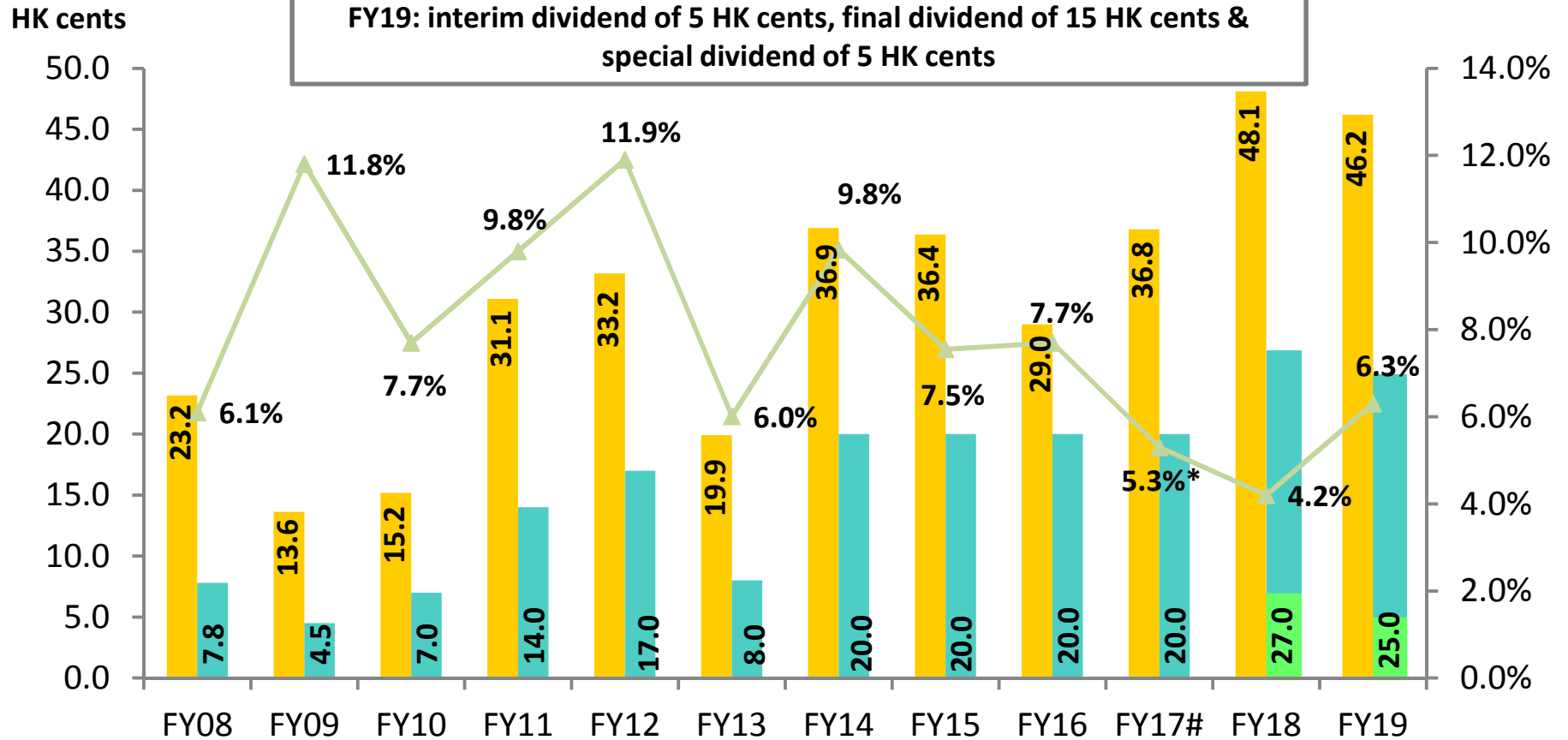
# Included the impairment loss of HK\$13.6M recognised in respect of flash floods at the Danshui Factory

# Market Capitalisation & Net Cash Balance



# Earnings Per Share & Dividends Per Share

We are committed to formal dividend policy of 30-50% payout ratio  
 FY19: interim dividend of 5 HK cents, final dividend of 15 HK cents &  
 special dividend of 5 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	<b>0.68</b>
Dividend Payout	30%	30%	42%	41%	47%	37%	49%	50%	63%	55% *	57%	<b>54%</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	Q1FY20	Q1FY19
<b>Operating Activities</b>		
Net cash generated from operating activities	<b>73,940</b>	<b>88,540</b>
<b>Investing Activities</b>		
Net cash generated from investing activities		
- Changes in short-term bank deposits	155,000	116,256
- Purchase of PPE	(17,564)	(5,018)
- Others	<u>5,714</u>	<u>2,723</u>
	<b>143,150</b>	<b>113,961</b>
<b>Financing Activities</b>		
Net cash used in financing activities	<b>(296)</b>	-
<b>Net increase in cash and cash equivalents</b>	<b>216,794</b>	<b>202,501</b>
Effect of foreign exchange rate changes	728	(170)
<b>Cash and Cash equivalents</b>		
At beginning of the period	775,445	554,831
<b>At end of the period</b>	<b>992,967</b>	<b>757,162</b>

## Balance Sheet & Key Ratios

HK\$'M	Q1FY20	FY19
<b>Working capital</b>		
Inventories	257.5	302.0
Trade Receivables	506.3	436.8
Trade Payables	<u>(411.0)</u>	<u>(391.5)</u>
	<u>352.8</u>	<u>347.3</u>
<b>Net Current Assets</b>	934.3	850.5
<b>Net Cash</b>	993.0	930.4
<b>Net Assets</b>	1,206.2	1,159.3

Turnover Days	Q1FY20	FY19
Inventories	42.3	46.0
Trade Receivables	70.6	56.4
Trade Payables	<u>(67.5)</u>	<u>(59.6)</u>
	<u>45.4</u>	<u>42.8</u>

# Key Financial Ratios

	Q1FY20	FY19
Price (SGD) #	0.69	0.68
NAV per share (SGD)*	0.48	0.46
Cash per share (SGD)*	0.40	0.37
Cash to Mkt Cap ratio	58%	54%

	Q1FY20	FY19
Current ratio	2.1	2.0
ROE	16.0%	17.2%
ROA	9.2%	9.9%
PB ratio	1.42	1.47

# Share price as at respective period or year end date

\*SGD/HKD Ex rate:

Q1FY20: 5.77;

FY19: 5.79

# Business Outlook

## Macro environment

- Escalation of trade tensions between US and China show no immediate signs of abatement; the Group's operations will continue to be affected negatively
- In Q1FY20 approx. 45% of the Group's revenue was shipped to the US and around half of the Group's US shipment from China was subjected to 25% tariff imposed on customers by US
- Further 10% tariff might be imposed on remaining Chinese imports from 1 September 2019
- More customers deploying diversified procurement strategies, such as adopting and/or evaluating the options of assembling their products out of China

*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

### Strategy

- Vietnam expansion progressing as planned
- Leased site in Vietnam has been qualified by customer and mass production has begun since June 2019, with shipments made from Vietnam to US market
- Intends to acquire a plot of land in an industrial park to build the Group's own manufacturing campus in Vietnam

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