1HFY22 Results Presentation

Note: This presentation is to be read in conjunction with the announcement issued on SGXNET on 10 November 2021

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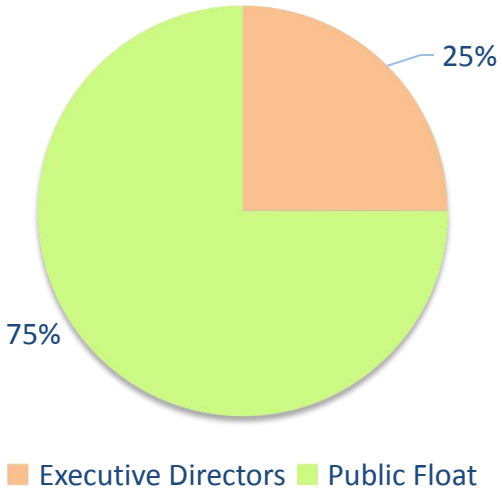
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Cogent.

Corporate Profile

Shareholding



Bloomberg Code	**VALUE.SP**
Reuters Code	**VLUE.SI**
Stock Code	**BN2**
Index	**FTSE ST Small Cap, FTSE ST China, FTSE Global MicroCap**
Issued shares (M)	**435.6**
Mkt cap (SG$M) (2 November 2021)	**252.7**
Share price (SG$) (2 November 2021)	**0.58**
Average volume 3-mth ('000)	**639**
52 wk range (SG$) (2 November 2021)	**0.54 – 0.69**

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, Guangdong, PRC (60 minutes from Shenzhen) and Vinh Phuc Province, Vietnam
- Auditors: PricewaterhouseCoopers
- Globally around 3,500 employees (30 September 2021)

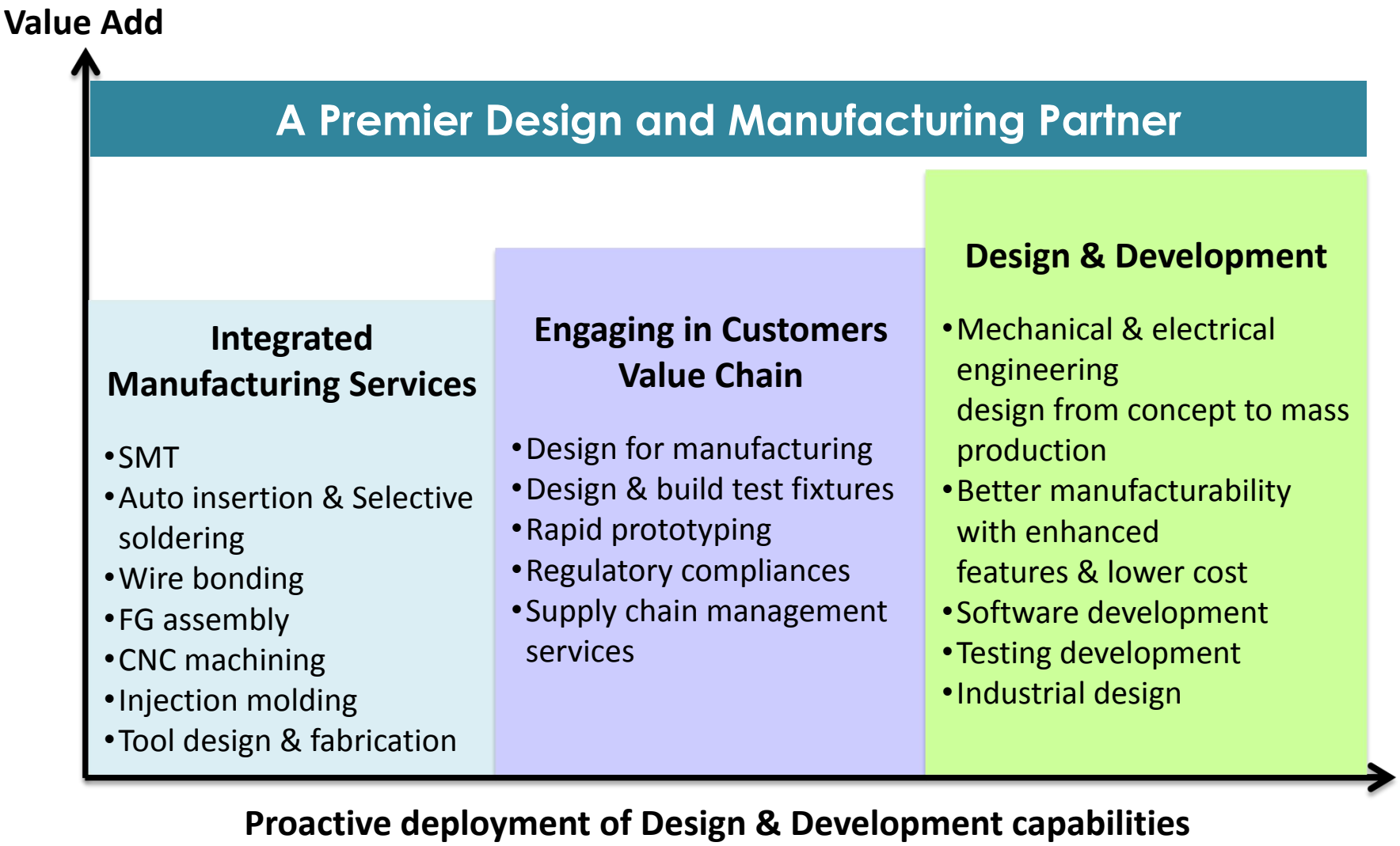
Integrated EMS Provider

- 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, TL9000 R5.5, TS16949: 2009, IPC J STD-001, IPC-A-610 QML Class 3

Business Model



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
						

2012	2014	2015	2017	2019	2019	2021
Celebrated 20th anniversary with revenue crossing HKS2 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	Completed construction of Vietnam Campus
		ISO TS16949	DELPHI	SIAS INVESTORS' CHOICE AWARDS		

Daya Bay Facility – Bird's-Eye View

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



Vietnam Campus



Phase I - Leased manufacturing facility
(Commenced production in 2019)



Phase II - Leased standard factory (Commenced production in 2020)
Located in the reputable Japanese run Industrial Park. Factory area: 4,000 sqm.



Phase III - Vietnam Campus
(Trial production started in the first half of FY2022)
Located in the same reputable Japanese run Industrial Park as Phase II. Land area: 52,541 sqm

Trail production in the Vietnam Campus



SMT Line



Plastic Injection Workshop



Assembly line

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

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

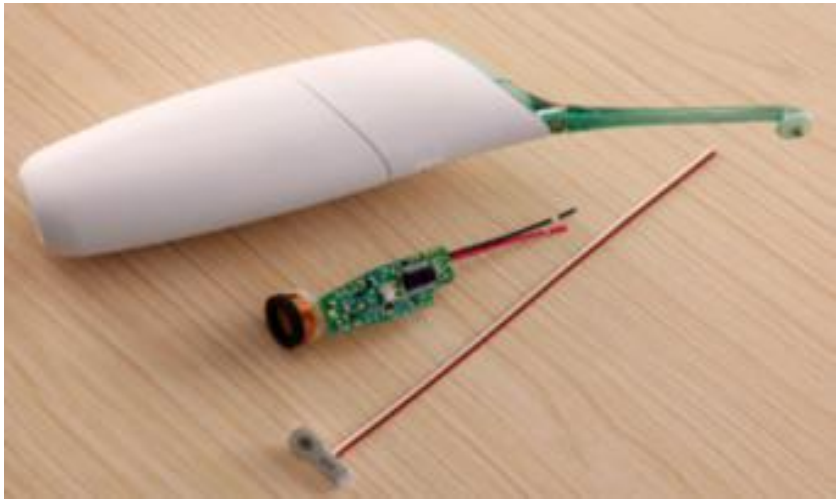
Consumer Electronics

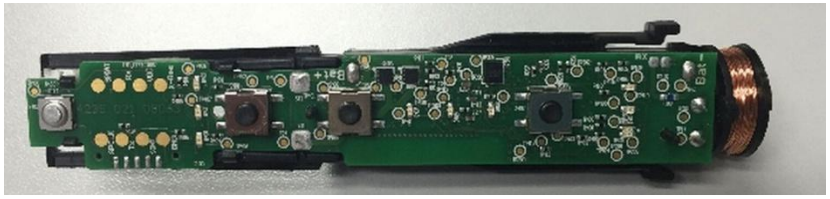
Consumer Lifestyle Products

Consumer Lifestyle Division of a Dutch MNC









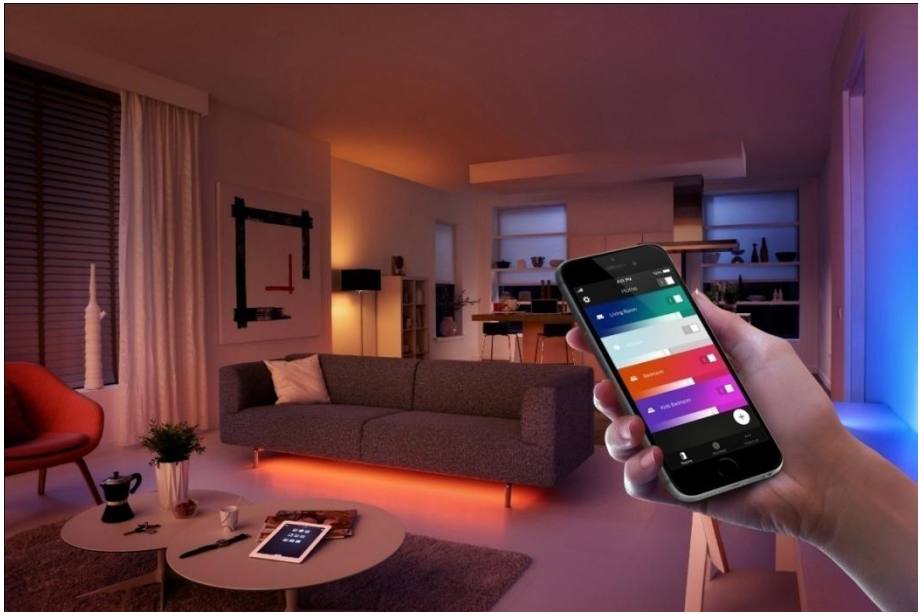
PCBA for Shavers & Electric Toothbrushes for Consumer Use

Consumer Electronics (Cont'd)

Smart Lighting with IOT Features

World leader in lighting for professionals and consumers *and lighting for IOT*





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

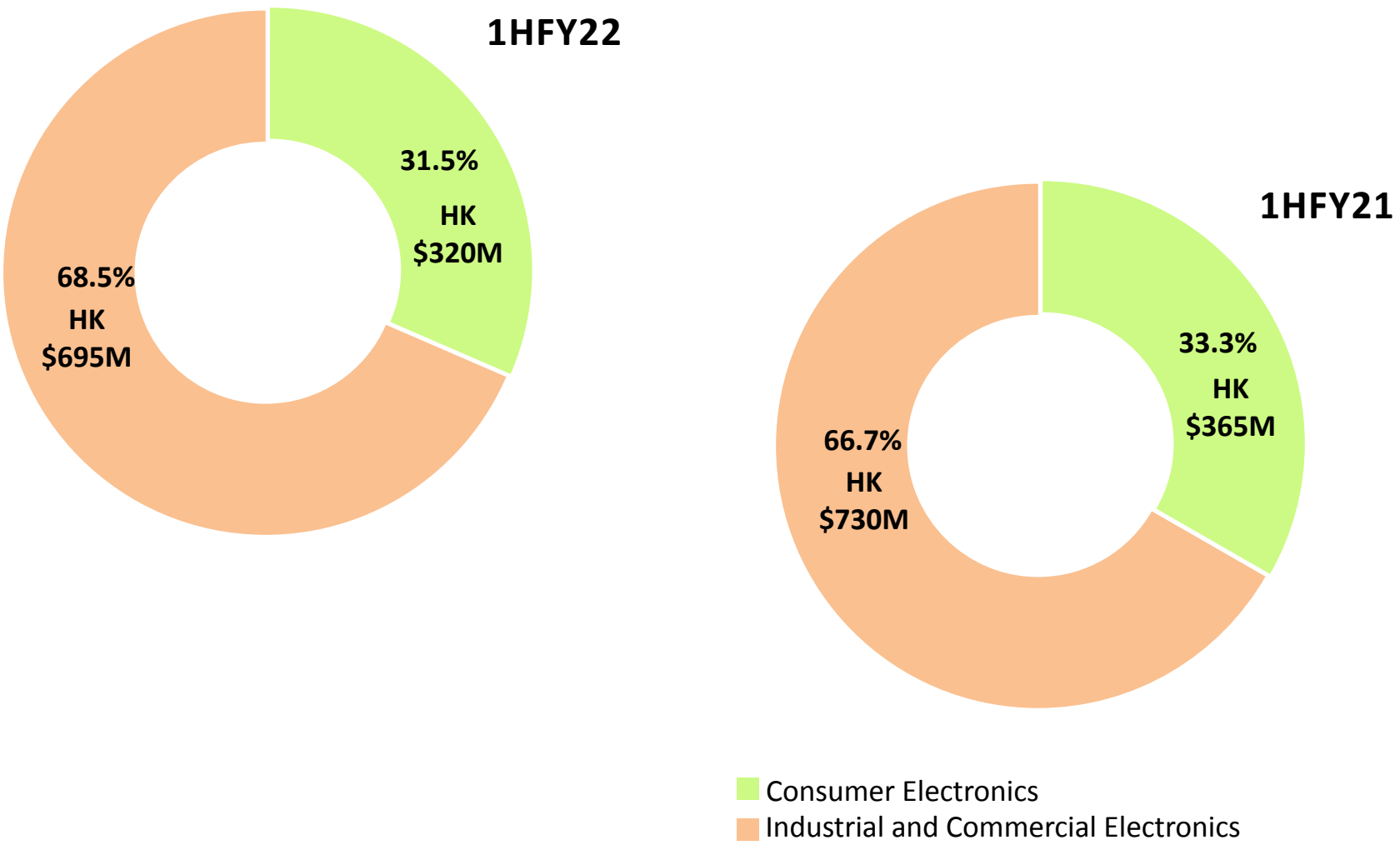
1HFY22 Financial Highlights

Financial Highlights

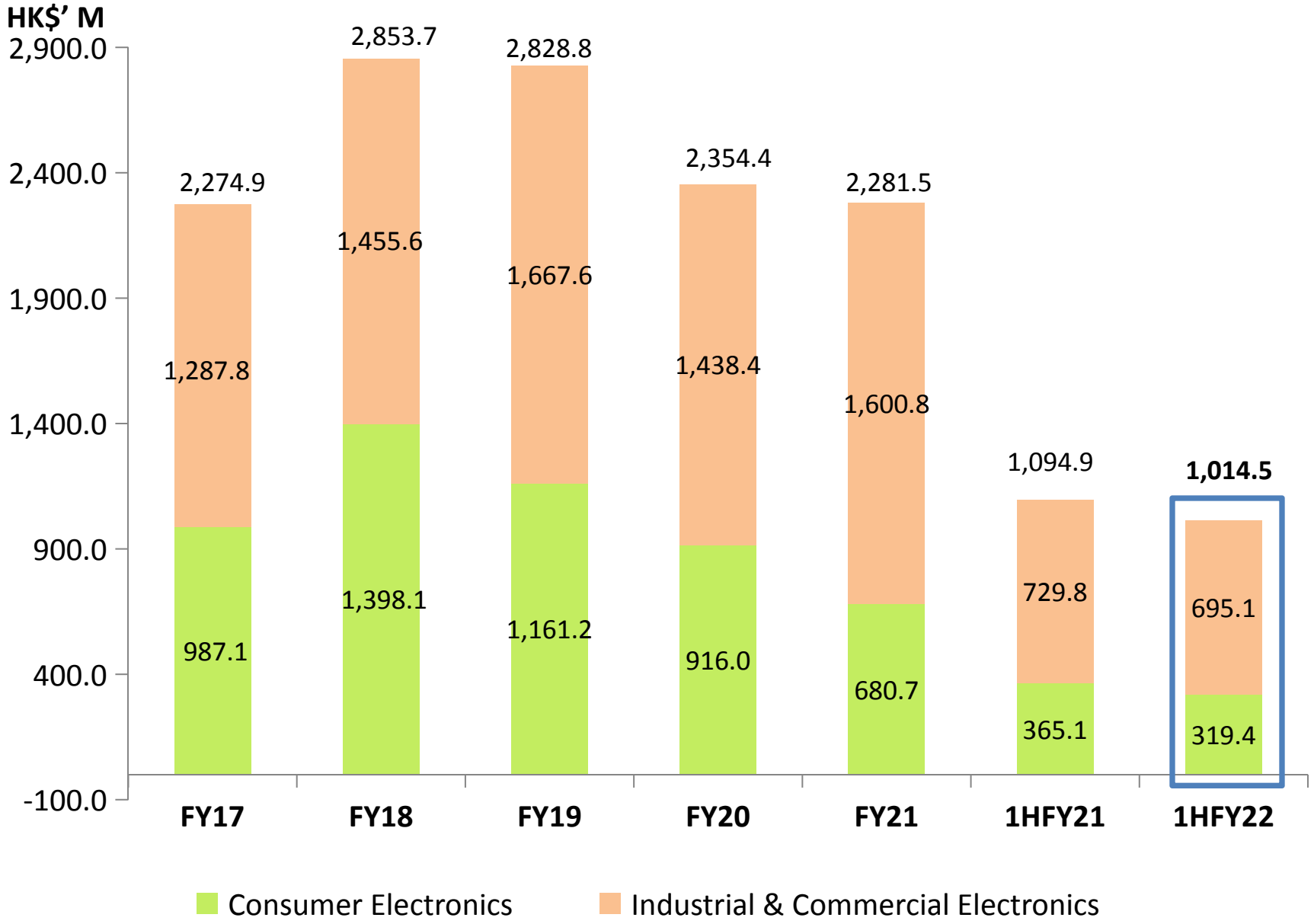
HK$'M	1HFY22	1HFY21	% Change
Revenue	**1,014.5**	1,094.9	-7.3
Gross Profit	**143.6**	185.9	-22.8
Gross Profit Margin	**14.2%**	17.0%	-2.8% pt
Net Profit for the period	**56.6**	91.5	-38.1
Net Profit Margin	**5.6%**	8.4%	-2.8% pt

Financial Highlights

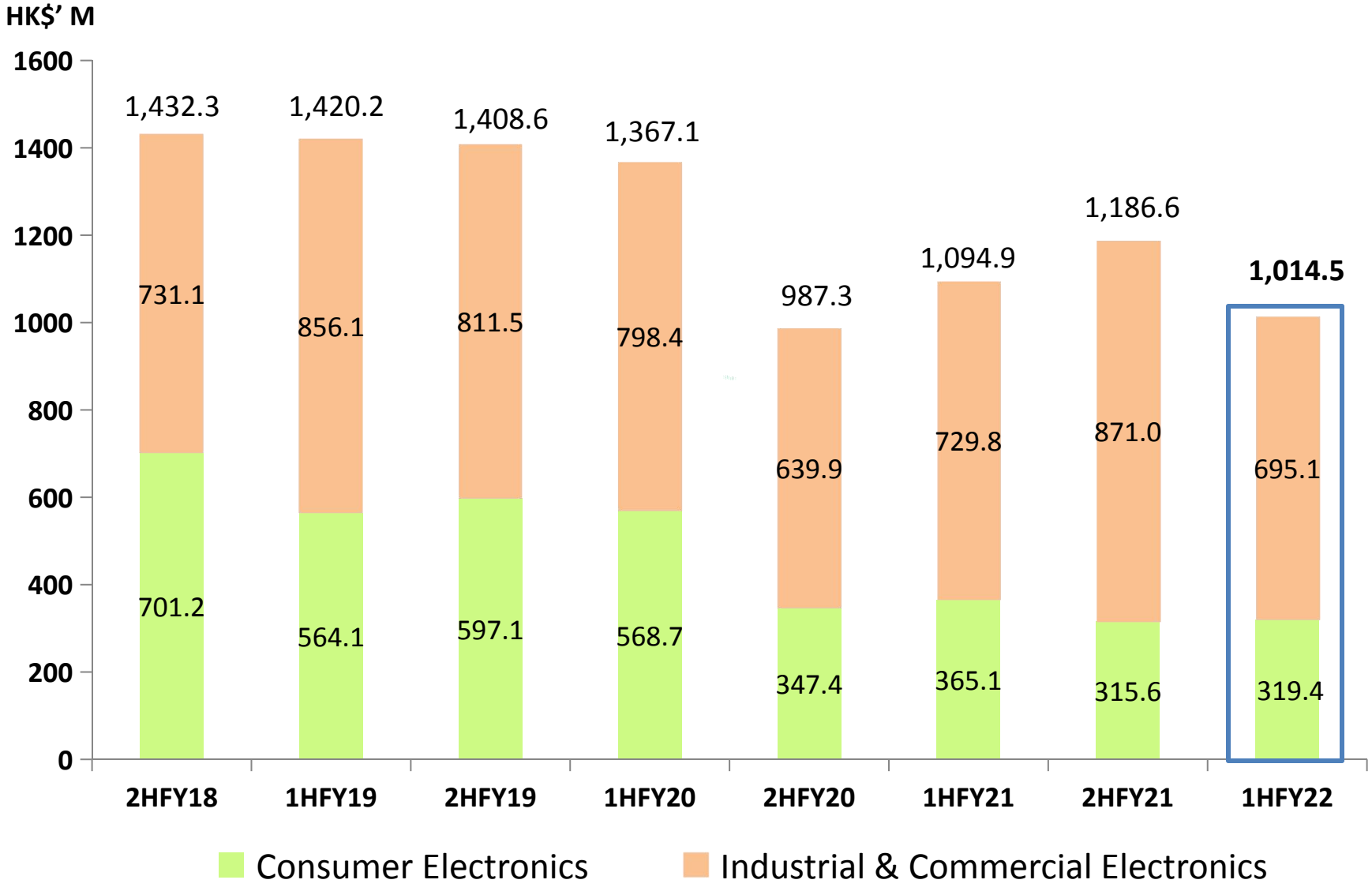
Revenue Contribution



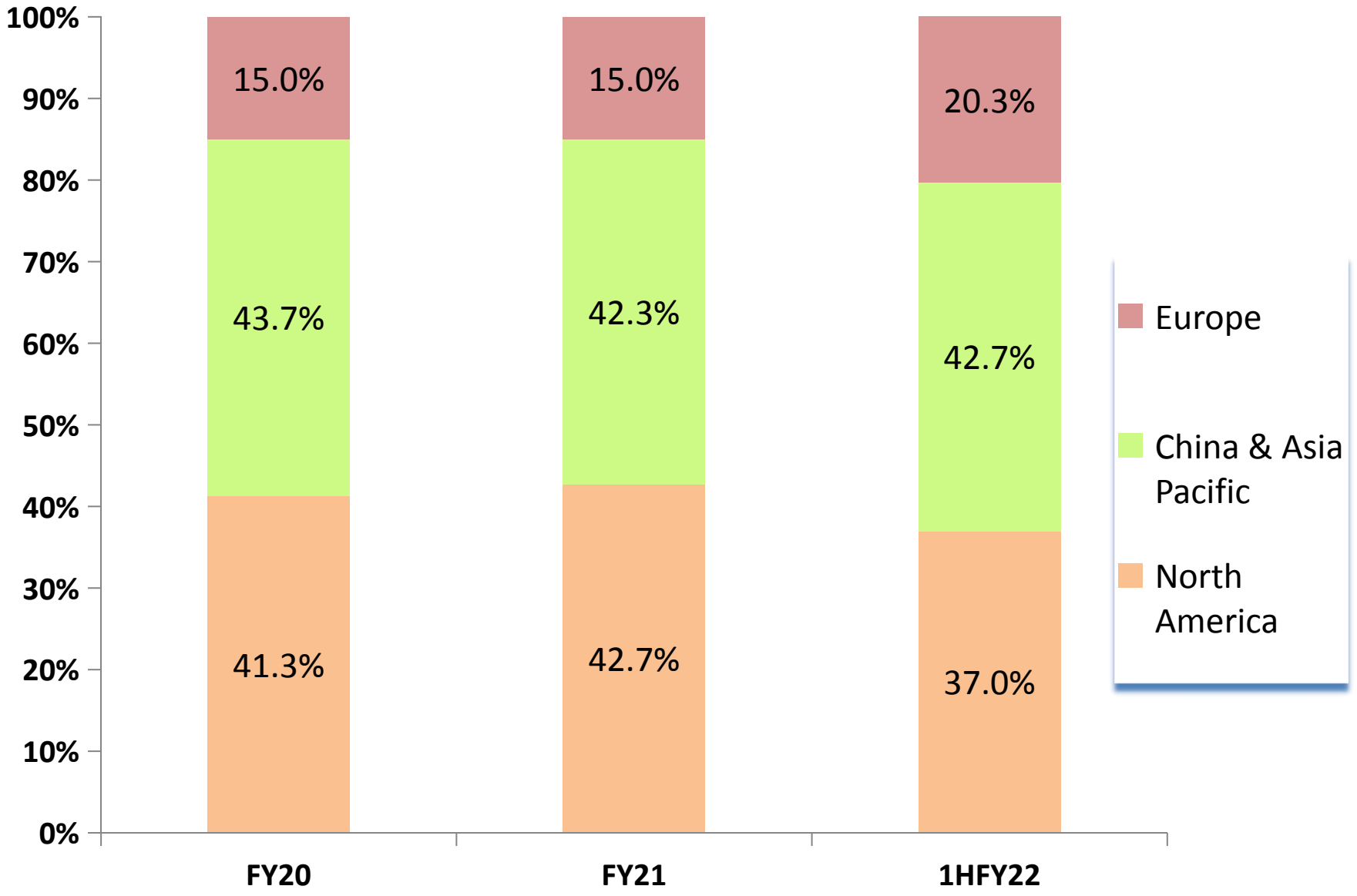
Revenue Trend



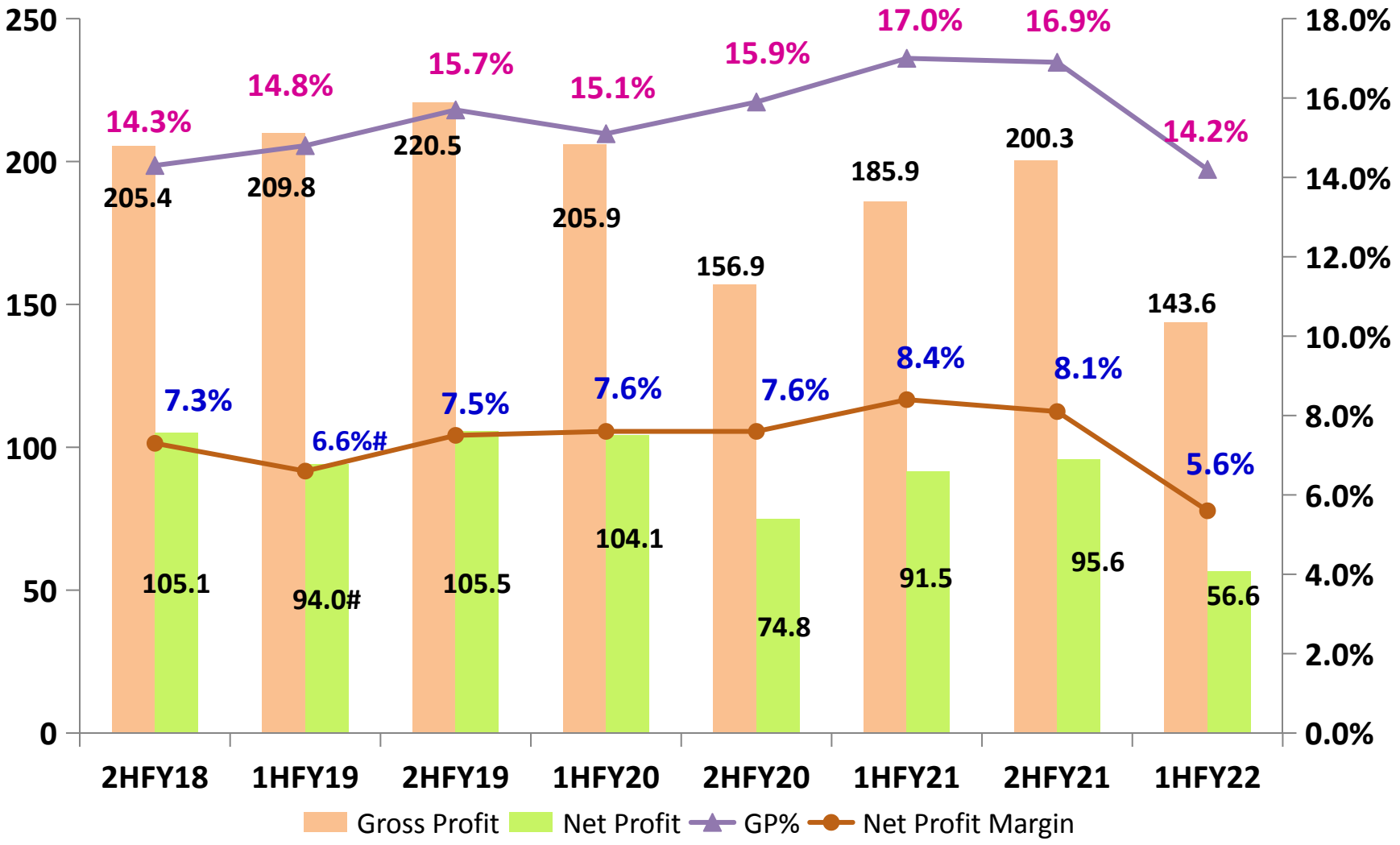
Half-year Revenue



Revenue by Shipment Destination

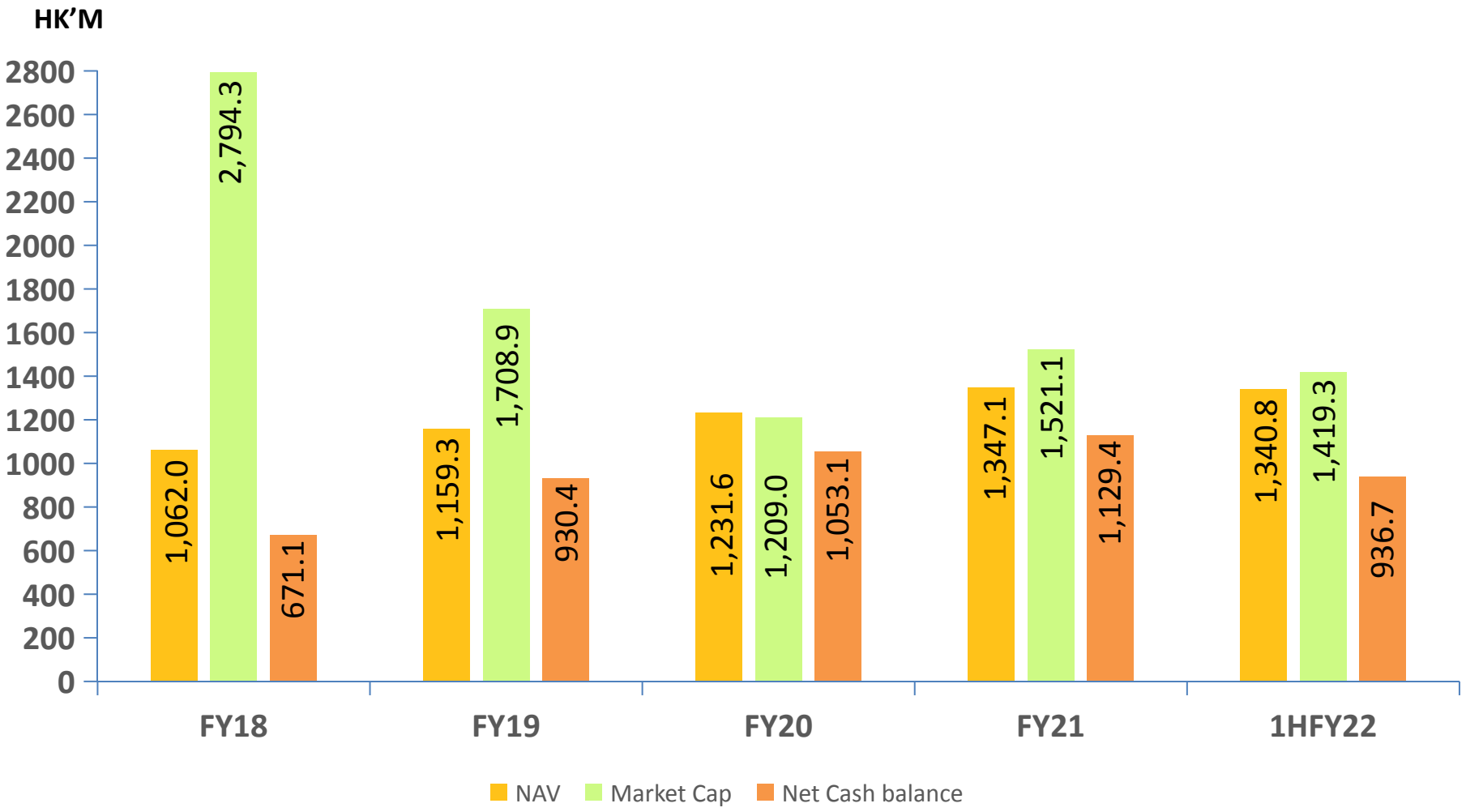


Gross Profit & Net Profit Trend

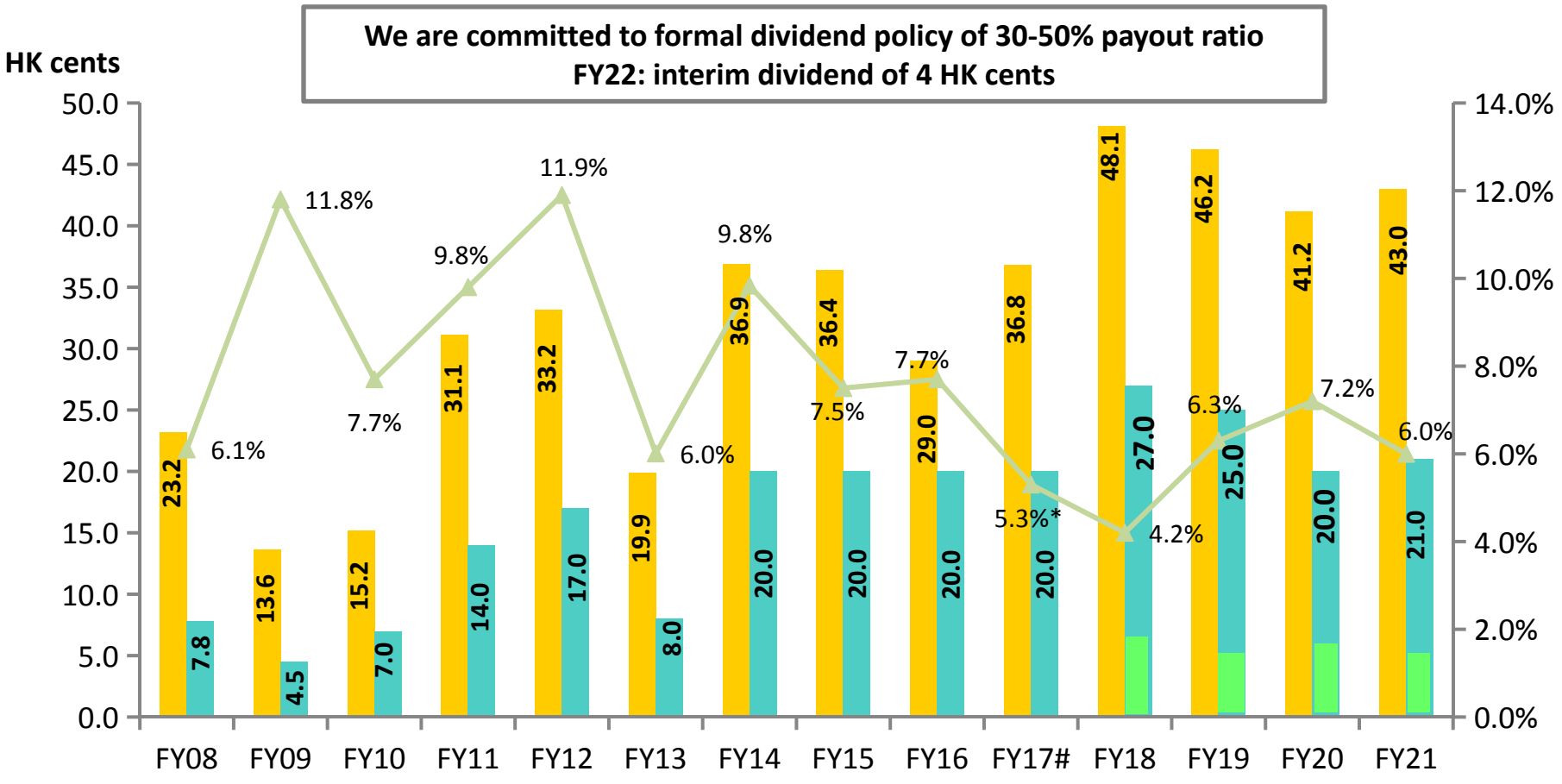


Included the impairment loss of HK$13.6M recognised in respect of flash floods at the Danshui Factory

Market Capitalisation & Net Cash Balance



Earnings Per Share & Dividends Per Share



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	0.51	**0.61**
Dividend Payout	30%	30%	42%	41%	47%	37%	49%	50%	63%	55% *	57%	54%	49%	**49%**

EPS * | Dividend per share | Dividend Yield | Interim Dividend

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

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

Summary of Cash Flows

HK$'000	1HFY22	1HFY21
Operating Activities		
Net cash (used in) / generated from operating activities	**(57,245)**	131,504
Investing Activities		
Net cash (used in) / generated from investing activities	**(68,952)**	8,501
- CAPEX	(72,710)	(34,965)
- Redemption of financial assets at fair value	-	38,630
- Others	3,758	4,836
Financing Activities		
Net cash used in financing activities	**(69,700)**	(61,538)
Net (decrease) / increase in cash and cash equivalents	**(195,897)**	78,467
Effect of foreign exchange rate changes	3,132	763
Cash and Cash equivalents		
At beginning of the period	1,129,446	1,053,096
At end of the period	**936,681**	1,132,326

Balance Sheet & Key Ratios

HK$'M	1HFY22	FY21
Working capital		
Inventories	248.2	214.1
Trade Receivables	531.6	490.5
Trade Payables	(332.4)	(365.2)
	447.4	339.4
Net Current Assets	932.8	975.3
Net Cash	936.7	1,129.4
Net Assets	1,340.8	1,347.1

Turnover Days	1HFY22	FY21
Inventories	52.0	41.2
Trade Receivables	95.6	78.5
Trade Payables	(69.7)	(70.3)
	77.9	49.4

Key Financial Ratios

	1HFY22	FY21
Price (SGD) #	0.57	0.61
NAV per share (SGD)*	0.54	0.54
Cash per share (SGD)*	0.38	0.45
Cash to Mkt Cap ratio	66%	74%

	1HFY22	FY21
Current ratio	2.1	2.1
ROE	8.4%	13.9%
ROA	5.2%	8.3%
PB ratio	1.06	1.13

Share price as at respective period or year end date

*SGD/HKD Ex rate:
1HFY22: 5.72;
FY21: 5.77

Business Review

Components shortage & increasing operating cost

- As highlighted in FY2021 annual report, the global components shortage has affected the Group's ability to meet orders on a timely basis
- Global components shortage has resulted in price surges and prolonged order lead times for a wide range of electronic components
- Ongoing COVID-19 pandemic continues to disrupt electronic components industry, worsening component availability
- Global components shortage will continue to affect the Group's ability to timely fulfill orders and with the strong Renminbi and increasing operating cost in China, expect profit margins to continue to be eroded in near term
- Continue to mitigate these adverse impacts by securing new business opportunities, identifying new supply sources, qualifying alternative parts and negotiating new prices with customers

Reader should refer to section 4 under Other Information 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 Review

CE revenue

- Cancellation and deferral of customer orders as a result of components shortage

ICE revenue

- Significant drop in sales from automotive customer, which switched their production to another vendor in North America
- Components shortage has also affected the fulfillment of certain ICE customer orders
- Saw revenue growth from printer customer, benefitting from e-commerce sales; and sensing devices customer, benefitting from their products application in the logistics industry

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Vietnam Expansion

Progress of Vietnam expansion

- The Group's Vietnam expansion remained on track
- Vietnam campus granted with a fire inspection licence during the period
- Selected products from two existing customers put to trial production at Vietnam campus
- After satisfactory completion of ISO and customer audits, mass production at Vietnam campus expected to commence by last quarter of FY2022, assuming no worsening of the COVID-19 situation in Vietnam

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Outlook

Business development

- Vietnam campus provides scalable capacity to meet diversified needs of global customers and a solution to Sino-US trade situation
- Positive responses by new customers including a hardware provider for retail chain stores and a cooling solutions provider for high performance computing environments - finalising business terms with these new customers
- Cautiously optimistic about revenue contributions from these new opportunities from FY2023 onwards, subject to supply chain constraints affecting production ramp-up

Outlook

- With the shortage of electronic components affecting the timely fulfillment of customers' orders, escalating materials cost, and compounded with rising operating costs in China, the Group's financial results for FY2022 is expected to be significantly lower compared to FY2021

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Sustainability

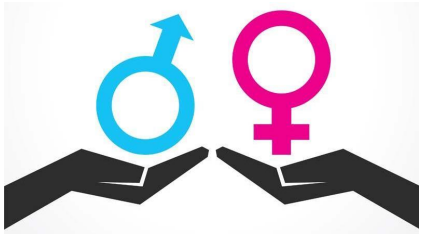
Corporate Sustainability Highlights

Sustainability Award (Small Cap) 2019 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 and no incidents of discrimination reported



Local Community Engagement

Carried out such engagements at least once every quarter



Thank you.