



VALUETRONICS HOLDINGS LIMITED

(Incorporated in Bermuda on 18 August 2006)

(Company Registration Number: 38813)

ESTABLISHMENT OF A WHOLLY OWNED SUBSIDIARY

AND UPDATE ON VIETNAM OPERATIONS

1. Establishment of Wholly Owned Subsidiary

The Board of Directors (“Board”) of Valuetronics Holdings Limited (the “Company”, and together with its subsidiaries, the “Group”) wishes to announce that its wholly-owned subsidiary, Valuetronics Asia Limited has established a wholly owned subsidiary known as Valuetronics Vietnam Company Limited (“New Subsidiary” or “VVCL”) in the Socialist Republic of Vietnam (“Vietnam”). The information relating to the New Subsidiary is as follows:

Name of company:	Valuetronics Vietnam Company Limited
Place of incorporation:	Vietnam
Principal activity:	Manufacturing and sale of electronics products
Capital:	USD 11,280,000.00 (equivalent to VND 262,119,000,000.00)

The establishment of the New Subsidiary is funded by internal resources and is not expected to have any material impact on the net tangible assets per share and earnings per share of the Group for the financial year ending 31 March 2020.

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the above-mentioned transaction, save for their shareholdings in the Company.

2. Update on Vietnam Operations

The Group would also like to inform shareholders that its Vietnam expansion has been progressing as planned.

The Group’s first leased facility in Vietnam which is currently in operation, was qualified by a dedicated customer and mass production has begun since June 2019, with shipments made from Vietnam to the US market. This first leased facility is located within a premise owned by a local manufacturer, with the landlord providing the Group administrative support in terms of logistics and recruitment. It was through the setup of this first leased facility that Group acquired knowledge and local experience of running operations in Vietnam, which in turn, help to equip management for ramping up its operations in Vietnam.

Following the incorporation of VVCL, the Group will be entering into a sub-lease agreement with an Industrial Park run by a Japanese company to acquire the land use right (with a lease term up to 2065) for around 50,000 square meters of land to build the Group's own Vietnam campus. The proposed site is located approximately 40 km north of Hanoi city, and is less than 5 km away from the first leased facility. The consideration of the land use right acquisition is approximately US\$ 4 million and the Vietnam campus' infrastructure development is expected to be divided into two phases, with the construction of first phase commencing in the first half of the calendar year 2020 and being completed by the first half of calendar year 2021.

In the interim, the Group, through VVCL, is planning to also lease a standard factory with an approximate 4,000 square meters of floor area from the same Industrial Park to cater to urgent customer demand for manufacturing solutions outside of China, for which the capacity of the first leased facility cannot fulfill. This standard factory would also allow the Group to ramp up its integrated manufacturing capability in Vietnam within a short period of time i.e. by the first quarter of calendar year 2020.

In light of the above, the Group will also be expanding its human resources in operations and administration in preparation for the scaling up of its operations in Vietnam. With its expansion in Vietnam, the Group will have two standalone integrated manufacturing footprints - one in China and the other in Southeast Asia, in order to serve the needs of its global customers and support their diversified procurement strategies.

By Order of the Board
VALUETRONICS HOLDINGS LIMITED

Tse Chong Hing
Chairman and Managing Director
17 October 2019