VALUETRONICS HOLDINGS LIMITED
(Incorporated in Bermuda on 18 August 2006)
(Company Registration Number: 38813)

RESPONSE TO QUERIES FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE) ("SIAS") IN RELATION TO THE COMPANY'S ANNUAL REPORT FOR FY2026

The Board of Directors (the "**Board**") of Valuetronics Holdings Limited ("**Valuetronics**" or the "**Company**", together with its subsidiaries, the "**Group**") refers to the below queries raised by the Securities Investors Association (Singapore) ("**SIAS**") on 14 July 2026 in relation to the Company's annual report for the financial year ended 31 March 2026 ("**FY26 AR**") and would like to provide its responses as follows:

SIAS Query 1:

A. *Operational Performance*

i. *Can management help shareholders better understand the sustainability of the growth driven by the Canada-based network access solutions customer? What are the principal demand drivers?*

ii. *Following the expansion of the Vietnam campus to the third floor in 2025, has the expansion now been completed? Can management provide an update on the current utilisation rates at both the China and Vietnam campuses, and how much additional production capacity remains available before further capital investment is required?*

iii. *In light of SGX RegCo's guidance, does the company intend to provide regular forward-looking guidance beyond FY26/27? If so, what form is this likely to take, and if not, what are the manager's considerations in deciding against providing such disclosures?*

Company's Response:

The Group's improved earnings quality in FY2026 reflects its focus on customer diversification and its strategic priority to rebalance its product mix toward higher-margin products.

The Group is not at liberty to disclose customer-specific information, including details relating to the Canada-based network access solutions customer, due to its commercial confidentiality obligations.

The customer operates within a relatively stable trade environment under the United States-Mexico-Canada Agreement, which provides a degree of predictability amid broader global trade uncertainties. While customer demand and order visibility remain subject to market conditions, the markets served by the customer continue to benefit from favourable long-term structural trends, including growth in global data consumption and ongoing investment in digital infrastructure.

Beyond this customer, the Group continues to build its Industrial and Commercial Electronics (ICE) pipeline. This includes a prospective automotive customer for products used in super duty trucks and hybrid vehicles, alongside new project wins from existing accounts. The Vietnam Campus attained IATF 16949 certification during the year and passed its sustaining audit in April 2026, strengthening its credentials for automotive work and positions the Vietnam facility to undertake a broader range of industries looking for automotive grade of manufacturing, quality and reliability capabilities.

The third-floor expansion of the Vietnam Campus was completed during FY2026, increasing the available production floor area by approximately 40%. The additional space is intended to support increased demand from an existing customer as well as upcoming products in the Group's pipeline, and provides the Group with sufficient room to accommodate further growth without significant near-term expansion of the campus. With the establishment of the Vietnam campus, the production shop floor utilisation rate at the China campus became less relevant, as some machinery was relocated from China to Vietnam. Additionally, a considerable amount of property, plant, and equipment at the China campus has been fully depreciated. With its experienced engineering resources, the China campus serves as the product and manufacturing technology design and development hub for the Group.

Following SGX Regco's guidance, the Group currently provides qualitative forward guidance in its Condensed Consolidated Financial Statements and Dividend Announcement at half year and full year as well as its Annual Reports. These disclosures include, among other things, macro-economic risks and cost factors that have a potential impact on the Group's performance.

SIAS Query 2:

B. *Trio AI Investment*

i. *Can the board revisit the original investment thesis for Trio AI? Was the primary issue an overestimation of market demand, an underestimation of competitive dynamics, an incorrect technology strategy or shortcomings in execution? How did the board satisfy itself that the group possessed the necessary capabilities and competitive advantages before approving the investment? Is the board satisfied that the due diligence in 2024 was sufficiently robust?*

ii. *How has the board assessed management's execution of this investment, and what accountability measures have been taken?*

iii. *Can the board confirm that no additional capital will be injected into Trio AI?*

iv. *Can the board explain the rationale for selecting Yee Hop Holdings Limited as a strategic investor? Given that Yee Hop's principal business is foundation, civil engineering and tunnelling works, what specific capabilities, commercial relationships or strategic advantages does it bring to Trio AI? In addition, how was the issue price for the new shares determined, and how did the board satisfy itself that the transaction was the best alternative available to it?*

Company's Response:

Trio AI was established with the objective of providing GPU computing capacity and AI-related value-added cloud services in Hong Kong. The investment represented the Group's first strategic initiative in the AI sector and provided an opportunity to explore potential AI-related hardware and service opportunities.

The investment decision was supported by an external market study and the expectation that increasing AI adoption would create demand for additional computing resources in Hong Kong. The Board also considered the experience and technical capabilities of the joint venture partner and Trio AI's professional management team. In particular, its Chief Executive Officer had substantial experience in Hong Kong's information technology sector and relevant public-sector exposure. Trio AI was therefore managed by a team with expertise beyond the Group's traditional EMS operations.

However, demand for Trio AI's GPU-enabled services did not materialise at the pace required to support its original business plan. In particular, customer adoption was slower than anticipated, and commercial users generally showed a stronger preference for established top-tier GPU ecosystems and overseas cloud service providers.

In response to Trio AI's funding requirements and commercialisation progress, the Group introduced a new investor during FY2026. Following the investment, the Group's equity interest was diluted and Trio AI ceased to be a subsidiary and became an associate of the Group. This reduced the Group's continuing exposure and enabled Trio AI to obtain additional financial resources to pursue its business plan.

When Trio AI subsequently failed to achieve sufficient commercial traction, the Group ceased providing further financial support, recognised the relevant impairment provisions and took steps to protect and recover the value of its assets and contractual rights. The Board considers that these actions were appropriate to contain the Group's further exposure and safeguard shareholders' interests.

Trio AI's customer onboarding and revenue conversion had been slower than expected, and it was in a net liability position. In these circumstances, identifying a suitable investor was challenging.

As disclosed in the Group's announcement dated 16 September 2025, Yee Hop Holdings Limited ("YHH") was introduced to provide near-term liquidity, extend Trio AI's working-capital runway, support customer acquisition and broaden its potential customer network, including through its familiarity with the Hong Kong market and public-sector bidding processes. The investment was therefore both a commercialisation and risk-mitigation measure.

YHH subscribed for 15,000,000 new Trio AI shares for HK$15 million, representing approximately 51.73% of Trio AI's enlarged issued share capital. The subscription provided Trio AI with additional time and resources to pursue its business plan, while reducing the Group's continuing exposure.

While the investment provided Trio AI with additional time and resources to pursue commercialisation, it could not change the underlying market conditions in Hong Kong or the slower-than-expected adoption of its services. The Group is working with the other investors to consider the future direction of Trio AI. However, further capital injection by the Group is not an option.

Separately, the Group is exploring opportunities to dispose of or redeploy the GPU servers and related ancillary hardware. Any successful disposal could generate incremental cash proceeds and recover part of the value of the investment.

SIAS Query 3:

C. *Capital Return Programme*

The company has announced a HK$300 million capital return programme to be implemented over the next two years.

i. *What framework does the board use when determining the most appropriate method of returning capital to shareholders?*

ii. *Can the board elaborate on the framework governing the share buyback programme?*

Company's Response:

The Board adopts a disciplined capital allocation framework that balances the Group's operational and strategic funding requirements, financial resilience and shareholders' interests. In determining the appropriate method of returning capital, the Board considers, among other factors, the Group's actual and expected financial performance, cash flow, working-capital and capital-expenditure requirements, investment opportunities, prevailing market conditions and the relative merits of dividends and share buybacks.

The HK$300 million capital return programme for FY2027 and FY2028 reflects the Board's current assessment of the Group's strong financial position and cash flow generation. In parallel, the Board revised the Dividend Policy to target an annual ordinary dividend payout of 50% to 70% of net profit attributable to shareholders, compared with the previous range of 30% to 50%.

Share buybacks are undertaken on a disciplined and opportunistic basis. The timing and scale of repurchases depend on factors including the Company's share price, trading liquidity, available cash resources, regulatory requirements and alternative uses of capital. Repurchases are conducted within the applicable mandate and regulatory volume limits, and in a measured manner to minimise market disruption.

The 12-month execution period for the initial HK$80 million tranche gives the Group flexibility to execute repurchases when the Board considers market conditions appropriate, rather than committing to a fixed schedule. As at 21 July 2026, the Company had utilised approximately HK$12.7 million, or 15.9% of the initial tranche.

The Board will continue to review the capital return programme, Dividend Policy and share buyback programme periodically, taking into account financial performance, operating and capital expenditure requirements, prevailing market conditions, cash flow position and applicable laws and regulations.

BY ORDER OF THE BOARD
VALUETRONICS HOLDINGS LIMITED

Tse Chong Hing
Chairman and Managing Director

21 July 2026