



VALUETRONICS HOLDINGS LIMITED

(Incorporated in Bermuda on 18 August 2006)
(Company Registration Number: 38813)
(the “Company”)

**ANNUAL GENERAL MEETING TO BE HELD ON 17 JULY 2023 – RESPONSES TO
SUBSTANTIVE AND RELEVANT QUESTIONS RECEIVED FROM SHAREHOLDERS**

The Board of Directors (the “**Board**”) of Valuetronics Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to its announcement and Notice of Annual General Meeting (“**AGM**”) dated 30 June 2023.

The Company would like to thank shareholders who submitted their questions in advance of the Company’s AGM which will be held at Level 3, Venus Room I & II, Furama RiverFront Singapore, 405 Havelock Road, Singapore 169633 on 17 July 2023 at 10.00 a.m. (Singapore time).

Please refer to **Appendix A** for the Company’s responses to substantive and relevant questions received from shareholders relating to the business of the AGM.

BY ORDER OF THE BOARD
VALUETRONICS HOLDINGS LIMITED

Tse Chong Hing
Chairman and Managing Director
12 July 2023

Question 1:

Can you share some perspective on how the China's push for self-sufficiency in the key sectors of Food, Technology, Energy etc, has been a bane / boon for Valuetronics? With the push for decoupling of the West from reliance on China, please share some perspective on how this has been a bane / boon for Valuetronics? Please share in the context of Valuetronic's Vietnam factory and China facilities.

Company's Response:

In general, China's push for self-sufficiency in key sectors is likely to lead to increased business activities in the supply chain for these selected sectors. Valuetronics will stand to benefit if it happens to be a member of one of these supply chains. This push for self-sufficiency may also impact markets by leading to an increase in China's domestic demand.

Geopolitical tensions have prompted some Western customers to reduce their reliance on China. While these customers may not necessarily move their entire production out of China, they have started diversifying a portion of their production or establishing contingency plans in case of escalated tensions.

Valuetronics has proactively addressed this situation through our multi-location manufacturing footprint. We have strategically positioned our Vietnam factory to cater for customers seeking to diversify their supply chains. Our regional multi-site strategy has attracted new customers who value the benefits of lower labour costs in Asia and the reduced geopolitical risk associated with diversified production locations.

By offering a Plan B and alternative production sites in different countries, Valuetronics has positioned itself well to adapt to evolving global supply chain dynamics and meet the changing needs of our customers. This approach has proven successful in our recent customer acquisition efforts and has allowed us to navigate the challenges and uncertainties arising from the push for decoupling.

Question 2:

What do you see as the biggest new trends, if any, in the market that could potentially drive company earnings that the company is already seeing happen on the ground?

Company's Response:

New technologies always lead to new products that require manufacturers to commercialise them. Changes in the global geopolitical situation would likely echo through with a reshuffling of supply chains. These factors serve as backdrops for us to mobilise our business development resources. However, there is no immediate impact to company earnings in the

near term. Nevertheless, please refer to page 2 – Chairman’s Statement of the latest Annual Report for updates on the progress of our new customer acquisition efforts.

Question 3:

Could the company comment on the general impact of China's reopening from Covid on the Company year-to-date?

Company's Response:

The reopening of China from the COVID-19 pandemic brings several positive impacts. Firstly, the resumption of business activities in China has allowed us to resume site visits to our China campus, enabling more effective engagement and business development with both existing and potential customers. This face-to-face interaction has led to enhanced collaboration and increased business opportunities.

Additionally, the reopening has resulted in a more stable supply of production workers for our operations. With people now able to move between provinces in China without restrictions, we have seen a more steady workforce availability.

Question 4:

Congratulations on the new customer contracts as highlighted in the latest Annual Report. Would the company be able to elaborate on the type of products/solutions that are being sold to these customers?

Company's Response:

Our four new customers comprise the following:

1. **Retail Hardware Provider** – Our customer provides a solution that enables wireless updates of price, product and promotional information simultaneously to thousands of displays, eliminating the need for manual updates and reduces time delays, resulting in cost savings. This solution offers a convenient and cost-effective way for the retail industry to enhance the consumer experience and optimise inventory management.
2. **Cooling Solutions Provider** – We are supplying liquid cooling solution products for non-industrial applications in the HPC sector to a customer specializing in scalable liquid cooling solutions for enterprise data centres and HPC markets.
3. **Distributor of Global Entertainment Conglomerate** – We manufacture one of their electronic souvenirs, which also serves as a device that provides an interactive experience for end-customers visiting their entertainment facilities.

4. **Network Access Solutions Provider** – The new customer is a network access solutions provider based in North America. We are providing manufacturing solutions for several modules in their network infrastructure products.

Question 5:

Thanks for the great performance despite the difficult operating environment. The group's current capital allocation strategy seems to be mainly centred around share buybacks, and creating new manufacturing facilities. Can the group share more about how its looking to allocate capital in coming years to return greater value for shareholders?

Company's Response:

The importance of cash reserves has been elaborated upon on page 2 – Chairman's Statement of the latest Annual Report. We have been able to weather these challenging times because of our disciplined business approach and our strategic cash reserves, which have been built up over the years due to our financial prudence.

Our cash reserves facilitated our speedy expansion into Vietnam and will also continually be deployed as we progressively ramp up operations there in tandem with customers' orders. It also puts us in a stronger position to overcome or smoothen out supply chain issues where possible and helps the Group ride out economic down cycles. It will also be used to fund our strategic plan for future greenfield expansions to boost organic growth, as well as inorganic growth such as M&A activities as and when such opportunities arise.

We intend to maintain a prudent approach to capital management given the challenging operating environment and the constantly changing macroeconomic conditions. At the same time, we remain committed to our formal dividend policy of declaring 30%-50% of net profit as normal dividends. We may also consider distributing special dividends based on factors such as the business outlook, profitability, cash flow, CAPEX, and capital commitments, etc.

Furthermore, in order to enhance shareholders' value and improve the Group's return on equity, we announced a HK\$250 million Share Buyback Program on 28 February 2022. As of the end of June 2023, HK\$65 million has been utilized to repurchase a total of 22 million company shares, and we intend to continue with this Share Buyback Program.

End.