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Media Release

Valuetronics reported relatively stable FY2021 results as compared to FY2020, but challenges arising from COVID-19 pandemic, Sino-US trade tensions and global component shortage will continue

- Proposes a Final Dividend of HK 16 cents per share[1] and together with the Interim Dividend of HK 5 cents per share paid in December 2020, the aggregate dividend for FY2021 amounts to HK 21 cents per share.

Singapore, 29 May 2021 – SGX Mainboard listed Valuetronics Holdings Limited ("Valuetronics", "鸿通电子控股有限公司" or collectively with its subsidiaries, the "Group"), a premier design and manufacturing partner for the world's leading brands in the Consumer Electronics ("CE") and Industrial and Commercial Electronics ("ICE") sectors is pleased to announce that it has achieved a net profit of HK$187.1 million for the financial year ended 31 March 2021 ("FY2021"), a 4.6% increase from HK$178.9 million in the financial year ended 31 March 2020 ("FY2020").

Mr Ricky Tse Chong Hing ("谢创兴"), Chairman and Managing Director of Valuetronics commented: ***"With the loss of orders from customers switching their supply chain to other countries due to Sino-US trade tensions, compounded with the uncertainties resulting from the global components shortage and evolving COVID-19 pandemic, the Group's financial results for FY2022 are expected to be significantly lower compared to FY2021. On the other***

[1] Subject to shareholders' approval at the upcoming Annual General Meeting

hand, our Vietnam expansion is proceeding according to schedule during the year. We are targeting the new Vietnam campus to commence production by the end of FY2022. By then, we will be fully equipped to serve customers' multi-site production strategy as a means to mitigate Sino-US trade tensions, and we will be seeking out new opportunities emerging with our extended geographic footprint."

Dividend

Taking into account the Company's FY2021 results performance, the Company is recommending a Final Dividend of HK 16 cents per share for FY2021 (FY2020: HK 14 cents per share). The Company also paid an Interim Dividend of HK 5 cents in December 2020 (FY2020: HK 6 cents per share) and in aggregate, the Interim and Final Dividends amount to HK 21 cents per share (FY2020: HK 20 cents per share).

The aggregate dividend amount is approximately 48.9% of the net profit attributable to shareholders for FY2021 and is in line with the Company's formal dividend policy of paying out between 30% to 50% of net profit as normal dividends to shareholders.

Financial Highlights

	Year ended 31 March		
HK$'M	**2021**	**2020**	**%Change**
Revenue	2,281.5	2,354.4	-3.1
Gross Profit	386.2	362.8	6.5
Gross Profit Margin	16.9%	15.4%	1.5%pt
Net Profit attributable to owners of the Company	187.1	178.9	4.6

The Group's FY2021 revenue decreased by 3.1% to HK$2,281.5 million from HK$2,354.4 million in FY2020. However, gross profit increased by 6.5% to HK$386.2 million in FY2021 (FY2020:

HK$362.8 million), with gross profit margin up 1.5 percentage points to 16.9% for FY2021 due to a change in product sales mix during the year.

Segmental Revenue			
HK$'M	**FY2021**	**FY2020**	**% Change**
Consumer Electronics ("CE")	680.7	916.0	-25.7
Industrial & Commercial Electronics ("ICE")	1,600.8	1,438.4	11.3
Total	2,281.5	2,354.4	-3.1

Despite the uncertainties presented during the pandemic, the Group reported relatively stable revenue and profits for FY2021 as compared FY2020, largely due to an unexpected rebound in customer demand in the second half of FY2021.

ICE revenue increased by 11.3% from HK$1,438.4 million in FY2020 to HK$1,600.8 million. The surge in demand for logistics and e-commerce benefited several key customers during COVID-19 pandemic lockdowns. The prolonged COVID-19 pandemic also caused a delay in the schedule of a customer in the auto industry with regard to its production switch-over from the Group's China factory to another vendor in North America, which led to continued orders from that customer in FY2021.

CE revenue decreased by 25.7% to HK$680.7 million from HK$916.0 million in FY2020 and the significant drop was due to a key customer experiencing weak demand as a direct result of reduced activity caused by social distancing and COVID-19 containment measures, and its schedule production switch-over from the Group's China factory to another vendor in an ASEAN country.

The Group's other income decreased by 25.4% to HK$18.4 million, mainly due to the decrease in interest income, which was offset by an increase in net exchange gains. In FY2021, administrative expenses slightly decreased by 0.5% to HK$163.3 million, while selling and distribution expenses increased by 21.4% to HK$32.0 million (FY2020: HK$26.3 million) mainly due to an increase in product warranty expenses.

As a result of the above, net profit in FY2021 increased by 4.6% to HK$187.1 million, which translates into an earnings per share of approximately HK 43.0 cents for FY2021 as compared to HK 41.2 cents for FY2020.[2]

Resilient Financial Position

As at 31 March 2021, the Group's financial position stayed resilient with a net asset value per share (excluding treasury shares) of HK$3.1 (31 March 2020: HK$2.8)[3]. The Group also has net current assets of HK$975.3 million (31 March 2020: HK$902.4 million), total assets of HK$2,241.6 million (31 March 2020: HK$2,013.5 million) and a shareholders' fund of HK$1,347.1 million (31 March 2020: HK$1,231.6 million) as at 31 March 2021.

Furthermore, the Group continues to have no bank borrowings as at 31 March 2021 and is supported by strong operating cash flows and its cash and cash equivalents of HK$1,129.4 million (31 March 2020: HK$1,053.1 million).

Business Outlook

With second and third wave COVID-19 infections occurring in many countries, the COVID-19 pandemic shows no signs of slowing down. This constantly evolving situation has caused business disruptions in the global economy, and the Group expects the operating environment to continue to remain challenging in the financial year ended 31 March 2022 ("FY2022").

The COVID-19 pandemic also delayed the schedule of the Group's customer in the auto industry to switch-over its production from the Group's China factory to another vendor in North America. This has led to continued orders from that customer in FY2021, but this situation will

[2] Basic earnings per share calculated based on a weighted average number of ordinary shares in issue (excluding treasury shares) of 435,048,782 shares for FY2021 and 434,375,776 shares for FY2020.
[3] NAV per share calculated on the basis of 435,625,837 shares as at 31 March 2021 and 435,000,837 shares as at 31 March 2020

not be repeated for FY2022 with the switch-over has been substantially completed by the last quarter of FY2021.

The Group like many manufacturers, is facing a global components shortage issue. Even with clear customer demand, the global components shortage may affect the Group's ability to meet orders and the Group is working closely with customers and suppliers to deal with such issues as they arise. Higher component prices owing to tight supply coupled with a stronger Renminbi, may lead to a decline in the Group's profit margin. The Group is employing various measures to attempt to mitigate these adverse impacts, including diversifying its sources of supply and negotiating new prices with customers.

The Group's Vietnam campus remained on track for the target commencement of mass production by the last quarter of FY2022. However, recently in May, the Vietnamese government tightened quarantine rules and social distancing measures in response to the rising COVID-19 cases in the country. Unless the situation in Vietnam continues to deteriorate, the Group does not expect significant impact on the abovementioned target production commencement date. When the Vietnam campus is completed and along with the Group's existing leased factory in Vietnam, the Group will be fully equipped to accommodate customers' request to shift production from its China factory to Vietnam in response to Sino-US trade tensions, and to seize new opportunities emerging with the Group's extended geographic footprint.

Given these uncertainties and volatility, supply chain issues, and a loss of orders resulted from customers switching their supply chain to other countries due to Sino-US trade tensions, the Group's financial results for FY2022 are expected to be significantly lower compared to FY2021.

End.

Note: This media release is to be read in conjunction with the announcement issued on SGXNET on the same date.

About Valuetronics Holdings Limited

Valuetronics Holdings Limited was listed on the SGX Mainboard in 2007 and is currently a constituent stock on the FTSE ST Small Cap, FTSE ST China and FTSE Global Micro Cap Indices. Valuetronics is an Electronic Manufacturing Service ("EMS") provider which focuses on the design and development of products that meet the ever-changing needs of customers. It is the preferred choice of several successful global companies that are involved in consumer electronics and industrial and commercial electronics products, with core competencies ranging from tool fabrication, injection moulding, metal stamping, machining, surface mount technology ("SMT") and finished product assembly on full turnkey basis. Valuetronics' EMS business is classified into two reportable segments namely consumer electronics products and industrial and commercial electronics products. Headquartered in Hong Kong, the Group's China manufacturing facility is located in Long Shan 2nd Road, Western District of Science and Technology Park, Dayawan Economy and Technology Development District, Huizhou City, Guangdong Province, PRC. The Group's Vietnam manufacturing facility is located at Plot No. C14-15-16-17, Thang Long Industrial Park (Vinh Phuc), Thien Ke Commune, Binh Xuyen District, Vinh Phuc Province, Vietnam.

For more information, please visit http://www.valuetronics.com.hk

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