

## FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::HALF YEARLY RESULTS

### Issuer & Securities

#### Issuer/ Manager

VALUETRONICS HOLDINGS LIMITED

#### Securities

VALUETRONICS HOLDINGS LIMITED - BMG9316Y1084 - BN2

#### Stapled Security

No

### Announcement Details

#### Announcement Title

Financial Statements and Related Announcement

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Half Yearly Results

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SG211110OTHRUZPW

#### Submitted By (Co./ Ind. Name)

Tse Chong Hing

#### Designation

Chairman and Managing Director

#### Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

Please see attached:

Media Release - Valuetronics' 1HFY2022 results affected by global components shortage.

### Additional Details

#### For Financial Period Ended

30/09/2021

### Attachments

[VHL 1HFY2022 Results-Media Release.pdf](#)

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Valuetronics Holdings Limited  
Unit 9-11, 7/F, Technology Park  
No. 18 On Lai Street, Shatin,  
New Territories, Hong Kong  
Tel: (852) 2790 8278  
Fax: (852) 2304 1851  
www.valuetronics.com.hk

## Media Release

# Valuetronics' 1HFY2022 results affected by global components shortage

- Declares Interim Dividend of HK 4 cents per share to be paid on 3 December 2021
- The construction of the Group's Vietnam campus has been completed with trial production started during 1HFY2022

Singapore, 10 November 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, announced its financial results for the six months ended 30 September 2021 (“1HFY2022”) today.

Mr Ricky Tse Chong Hing (“谢创兴”), Chairman and Managing Director of Valuetronics commented: *“Severe shortages of certain key electronic components have affected the Group’s ability to meet orders, leading to a decline in revenue and a corresponding decrease in profit, this situation will continue to affect us in the near term. Nevertheless, our expansion plan in Vietnam is on track. Assuming no worsening of the COVID-19 situation in Vietnam, our Vietnam campus is scheduled to go into mass production by the end of FY2022 after passing ISO and customer audits. There have been positive responses from potential customers regarding our regional manufacturing footprint strategy, and we are cautiously optimistic*

*about revenue contributions from these new opportunities in the financial year ending 31 March 2023. ”*

### Interim Dividend

Taking into account the Group’s 1HFY2022 results performance and the challenging business environment, the Board has declared an Interim Dividend of HK 4 cents per share (1HFY2021: HK 5 cents per share), which is payable on 3 December 2021.

### Financial Highlights

HK\$’M	6 Months ended 30 September		
	2021	2020	% 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
<b>Net Profit attributable to owners of the Company</b>	56.6	91.5	-38.1

As earlier highlighted by the Group in its financial year ended 31 March 2021 (“FY2021”) annual results, the Group faces severe shortages of certain key electronic components, and this has affected the Group’s ability to meet orders. As a result, the Group’s revenue decreased by 7.3% to HK\$1,014.5 million in 1HFY2022 from HK\$1,094.9 million in the six months ended 30 September 2020 (“1HFY2021”), with gross profit decreasing by 22.8% to HK\$143.6 million (1HFY2021: HK\$185.9 million). In 1HFY2022, the Group’s gross profit margin decreased from 17.0% to 14.2%, eroded by higher component prices due to tight supply, and increased labour and operating costs in China, under an appreciating Renminbi.

Segmental Revenue			
HK\$’M	1HFY2022	1HFY2021	% Change
Consumer Electronics (“CE”)	319.4	365.1	-12.5
Industrial & Commercial Electronics (“ICE”)	695.1	729.8	-4.8
Total	1,014.5	1,094.9	-7.3

The Group's ICE revenue decreased by 4.8% to HK\$695.1 million in 1HFY2022 (1HFY2021: HK\$729.8 million), affected by a significant drop in sales to an automotive customer who switched their production from the Group's factory to another vendor in North America. The fulfilment of certain ICE customers' orders was also affected by the components shortage, but this was offset by revenue growth from a printer customer benefitting from e-commerce sales and a sensing devices customer benefitting from their product's application in the logistics industry.

The CE segment's revenue decreased by 12.5% to HK\$319.4 million in 1HFY2022 (1HFY2021: HK\$365.1 million), mainly due to the cancellation and deferral of customer orders as a result of the components shortage.

The Group's other income decreased by 35.1% to HK\$7.4 million (1HFY2021: HK\$11.4 million), mainly due to the decrease in interest income under the low interest rate environment during the period under review. Selling and distribution expenses fell by 14.1% to HK\$11.7 million (1HFY2021: HK\$13.6 million) as commission expenses fell due to decline in revenue, while administration expenses decreased by 5.6% to HK\$75.3 million (1HFY2021: HK\$79.7 million) due to stringent cost control measures implemented by management.

As a result of the above, net profit in 1HFY2022 decreased by 38.1% to HK\$56.6 million (1HFY2021: HK\$91.5 million), which translates into an earnings per share of approximately HK13.0 cents for 1HFY2022 as compared to HK21.0 cents for 1HFY2021.<sup>1</sup>

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<sup>1</sup> Basic earnings per share calculated based on a weighted average number of ordinary shares in issue (excluding treasury shares) of 435,625,837 shares for 1HFY2022 and 435,000,837 shares for 1HFY2021.

## **Resilient Financial Position**

As at 30 September 2021, the Group continues to maintain its resilient financial position with a net asset value per share (excluding treasury shares) of HK\$3.1 (31 March 2021: HK\$3.1)<sup>2</sup>, net current assets of HK\$932.8 million (31 March 2021: HK\$975.3 million), total assets of HK\$2,169.8 million (31 March 2021: HK\$2,241.6 million), and shareholders' equity of HK\$1,340.8 million (31 March 2021: HK\$1,347.1 million).

Furthermore, the Group continues to have no bank borrowings as at 30 September 2021 and is supported by its strong cash balance of HK\$936.7 million (31 March 2021: HK\$1,129.4 million).

## **Business Outlook**

In 1HFY2022, the Group's operations were adversely affected by the global components shortage which resulted in price surges and prolonged order lead times for a wide range of electronic components. Furthermore, the ongoing COVID-19 pandemic continues to disrupt the capacity of the electronic component industry, which worsens component availability.

The Group expects the global components shortage to continue to affect its ability to timely fulfill customer orders. This, together with the strong Renminbi and increasing operating cost in China, will continue to erode the Group's profit margin in the near term. In order to mitigate these adverse impacts, the Group will continue its efforts to secure new business opportunities, identify new sources of supply, qualify alternative parts, and negotiate new prices with customers.

The Group's Vietnam expansion remained on track despite the surge in COVID-19 cases in Vietnam. Its newly constructed Vietnam campus in Vinh Phuc Province was granted with a fire inspection certificate from the local government in 1HFY2022, and selected products of two

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<sup>2</sup> NAV per share calculated on the basis of 435,625,837 shares as at 30 September 2021 and 31 March 2021.

existing customers have been put to trial production. The Group expects mass production at its Vietnam campus to commence by the last quarter of financial year ending 31 March 2022 (“FY2022”) following the satisfactory completion of ISO and customer audits, unless a new wave of COVID-19 infections leads to a lockdown in Vinh Phuc Province causing disruptions to the Group’s production schedule.

The Group’s Vietnam campus provides scalable capacity for meeting the diversified needs of global customers and a solution to cope with the Sino-US trade situation. There have been positive responses from potential customers with regard to the Group’s regional manufacturing footprint strategy. These potential customers include a hardware provider for retail chain stores, and a customer providing cooling solutions for high performance computing environments. The Group is in the midst of finalising business terms with these potential customers, and this is subject to the constraints in supply chain which may affect the production ramp-up. As a result, the Group remains cautiously optimistic in gaining revenue from these new opportunities from the financial year ending 31 March 2023 (“FY2023”) onwards.

With the components shortage affecting the timely fulfilment of customer orders, escalating materials cost, compounded with the pressure of rising operating costs in China, the Group’s financial results for FY2022 is 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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Issued on behalf of : **Valuetronics Holdings Limited**

By : Cogent Media Pte. Ltd.  
203 Henderson Road, #12-08, Singapore 159546

For media enquires contact : Ms Foo En Yun / Mr Gerald Woon

Email / DID / Mobile : [enyun@cogentcomms.com](mailto:enyun@cogentcomms.com) / (65) 6704 9284 / (65) 8180 3641  
[woon@cogentcomms.com](mailto:woon@cogentcomms.com) / (65) 6704 9268 / (65) 9694 8364

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