

## GENERAL ANNOUNCEMENT::ENTRY INTO JOINT VENTURE AGREEMENT

### Issuer & Securities

#### Issuer/ Manager

VALUETRONICS HOLDINGS LIMITED

#### Securities

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### Announcement Details

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General Announcement

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#### 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)

Please refer to the attached:

(1) Announcement in relation to Entry into an Investment by way of a Joint Venture.

(2) Media Release - "Valuetronics enters the AI industry with new JV partnership".

### Attachments

[VHL-Entry into JV-20240624.pdf](#)

[VHL-Media Release-New JV Partnership-20240624.pdf](#)

Total size = 1439K MB

# VALUETRONICS HOLDINGS LIMITED

(Registration No.: 38813)  
(Incorporated in Bermuda)

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## ENTRY INTO AN INVESTMENT BY WAY OF A JOINT VENTURE

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### 1. INTRODUCTION

The board of directors (the "**Board**" or "**Directors**") of Valuetronics Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company's wholly-owned subsidiary, Value Match Company Limited ("**VML**") had on 24 June 2024 entered into a joint venture agreement (the "**JVA**") with Sinnet Cloud HK Limited ("**SinnetCloud HK**") and newly incorporated Trio AI Limited (the "**JV Company**") pursuant to which VML and SinnetCloud HK have agreed to establish a joint venture to carry on the business of providing GPU (graphic processing unit) and AI (artificial intelligence) related value-added cloud services in Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"), more particularly described in paragraph 4 below.

### 2. INFORMATION ON THE JOINT VENTURE PARTNER – SINNET CLOUD HK LIMITED

*Shareholders of the Company ("**Shareholders**") should note that information relating to SinnetCloud HK in this paragraph and elsewhere in this announcement was provided by SinnetCloud HK.*

SinnetCloud HK is a company incorporated under the laws of Hong Kong. It is a wholly-owned subsidiary of Sinnet Cloud Co. Ltd. (collectively, they are referred to the "**SinnetCloud Group**"). Beijing Sinnet Technology Co. Ltd. (stock code 300383), a company established in the People's Republic of China ("**PRC**") and listed on the Shenzhen Stock Exchange is an affiliate of the SinnetCloud Group. The SinnetCloud Group has a proven track record of providing cloud computing and related value-added services for AI applications across the PRC.

### 3. CAPITALISATION OF THE JV COMPANY

- 3.1 Formation of the JV Company: The JV Company was incorporated on 19 June 2024 under the laws of Hong Kong for the purpose of the joint venture with one issued and fully paid-up ordinary share (subscriber share). Following the signing of the JVA, the subscriber share was transferred to VML.
- 3.2 Subscription of Shares: VML and SinnetCloud HK shall subscribe for such number of ordinary shares in the JV Company within two (2) days and make payment in cash and in-kind respectively as soon as practicable thereafter and in any event no later than 45 days from the date of the JVA as follows:

Shareholder	No. of ordinary shares	Subscription consideration	Percentage interest in JV Company
Value Match Company Limited	7,699,999 ordinary shares plus 1 subscriber share	HKD7,700,000 payable wholly in cash	55.0%
Sinnet Cloud HK Limited	6,300,000 ordinary shares	HKD6,300,000 payable in-kind in the form of a grant of a perpetual licence on an exclusive basis of a proprietary software platform owned by SinnetCloud HK, details of which are set out in paragraph 3.3 below ( <i>Software Licence</i> )	45.0%
<b>TOTAL</b>	<b>14,000,000 ordinary shares</b>	<b>HKD 14,000,000</b>	<b>100%</b>

Following the completion of the subscription, the JV Company will have an issued and paid-up share capital of HKD14,000,000 divided into 14,000,000 ordinary shares.

### 3.3 Software Licence:

- (a) As a term of the joint venture, SinnetCloud HK will grant the JV Company a perpetual licence on an exclusive basis for the use of its suite of proprietary software which provides a software platform for the JV Company's business and operations in Hong Kong and Macau Special Administrative Region of the PRC ("Macau"). SinnetCloud HK and the JV Company will enter into an agreement in respect of the grant of the said licence.
- (b) In consideration of the grant of the licence, the JV Company will allot and issue 6,300,000 fully paid-up ordinary shares to SinnetCloud HK in accordance with the JVA as a one-time payment for the licence fee. The grant of the licence will include the provision of support and updates to the software, including all future upgrades and enhancements, free of charge, to ensure the continued functionality and competitiveness of the JV Company's business and operations within the markets it operates in.

#### 4. THE JV COMPANY'S BUSINESS

The JV Company will carry on the business of providing GPU (graphic processing unit) and AI (artificial intelligence) related value-added cloud services in Hong Kong. It will utilise servers powered by high performance GPU (graphic processing unit) which aim to deliver computing capabilities tailored for AI applications.

Beyond high-performance computing, the JV Company will provide a comprehensive suite of ancillary services, including data services and model services. These encompass model training and optimisation, as well as model inference and optimisation, ensuring efficient and effective model performance. These services are designed to meet the evolving needs of businesses seeking to harness the power of AI.

#### 5. SERVERS AND ANCILLARY EQUIPMENT

- 5.1. Equipment Leasing: As part of the joint venture collaboration, VML and SinnetCloud HK have agreed that VML will, or through its affiliate, acquire the graphic processing unit (GPU) enabled servers and ancillary hardware (the “**leased equipment**”) for lease to the JV Company, aimed at alleviating the significant capital expenditure burden it faces as a startup. The lease will run for a term of 60 months at a rent calculated to principally cover the leased equipment's acquisition and associated costs incurred by the Group. As a crucial aspect of this arrangement, the JV Company shall bear the sole responsibility for the maintenance, upkeep, insurance and all associated costs of the leased equipment during the lease term. VML or its affiliate (as the case may be) and the JV Company will enter into an agreement governing the terms of the lease.
- 5.2. Option to lease further equipment: The JV Company has granted to VML and/or its affiliate (as the case maybe) an option to lease any additional GPU-enabled servers and ancillary hardware which the JV Company may require for its business from time to time.

#### 6. SALIENT TERMS OF THE JVA

##### 6.1. Roles and responsibilities of VML and SinnetCloud HK

VML: VML shall procure the lease of the leased equipment to the Company on the terms and subject to the conditions set out in the Equipment Leasing Agreement.

SinnetCloud HK:

- (a) SinnetCloud HK shall be responsible for assisting the JV Company in its day-to-day management and operations of its business.
- (b) SinnetCloud HK shall be responsible for assisting the JV Company in its application and procurement of the requisite permits and licenses required to carry on its business;
- (c) SinnetCloud HK shall use its best endeavours to assist the JV Company in securing certain anchor customers; and
- (d) SinnetCloud HK agrees and acknowledges that its involvement in the JV Company is critical to the success of the JV Company and its business and undertakes to provide assistance and support to the JV Company to the best of its abilities.

## 6.2. Board of Directors

- (a) Board Composition: The board of directors of the JV Company shall consist of up to three (3) directors, comprising:
  - (i) two (2) directors nominated by the Company; and
  - (ii) one (1) director nominated by SinnetCloud HK.
- (b) Reserved matters: The JVA sets out certain matters which require the unanimous approval of the board of directors of the JV Company.

## 6.3. Financing

- (a) Financing which the JV Company may require from time to time shall first be met by its internal resources.
- (b) Where the JV Company's internal resources are insufficient to meet its working capital requirements, the JV Company shall, raise funds in the manner and in accordance with the order set out below:
  - first**, by way of procuring shareholders' loans;
  - secondly**, by way of loans and other credit facilities from banks and financial institutions; and
  - thirdly**, by way of issue and allotment of new shares in the capital of the JV Company.

## 6.4. Issue of New Shares Transfer of Shares

Any issue of new shares shall be subject to the approval of the JV Company's shareholders holding not less than sixty-five per cent (65%) of the issued capital for the time being and the pre-emptive rights of the shareholders in respect of any new issue of shares.

## 6.5. Transfer of Existing Shares

SinnetCloud HK shall not dispose any shares in the JV Company in the first five (5) years from the date of the JVA without the written consent of VML. Subject thereto, any transfer of shares in the JV Company will be subject to its shareholders' pre-emptive rights.

## 7. RATIONALE FOR THE JOINT VENTURE

This joint venture investment into the AI infrastructure services sector is the Group's first strategic foray in exploring the potentials of the AI era.

The Group has identified SinnetCloud HK as its joint venture partner for the SinnetCloud Group's extensive experience in cloud computing and related value-added services for AI applications, details of which are more particularly found in paragraph 2 above. Their exceptional track record positions them as an invaluable partner in navigating the complexities of the AI infrastructure services industry. The Group believes SinnetCloud Group's deep industry understanding will optimise the JV Company's delivery of its GPU (graphic processing unit) and AI (artificial intelligence) related value-added cloud services in Hong Kong. With their active involvement in its management, the JV Company will stand to benefit from the SinnetCloud Group's extensive domain knowledge in the implementation and operation of its business plans.

By participating in the joint venture, the Group also seeks to gain insights into manufacturing avenues for AI-related hardware, which aligns with its core competency as an electronics manufacturing service provider.

The Group believes the market outlook for AI infrastructure services in Hong Kong is highly favourable. Data from a survey<sup>1</sup>, 41% of surveyed companies across a wide range of industries in Hong Kong have adopted or will adopt AI and around 60% of these companies indicated plans to spend an average of HK\$1.2 million to expand AI applications in their businesses underscoring a growing demand for AI related services and opportunities for AI infrastructure services sector in Hong Kong. This, combined with our joint venture partnership and manufacturing prospects, solidifies the Group's confidence in the potential success of this venture.

The Group's investment in the joint venture is strategically modest yet pivotal, serving as an opportunity to assess the viability and potential returns of entering into the AI era. Pending the evaluation of the outcome and performance of this initial investment, the Company intends to, prior to any further commitment to the joint venture, seek Shareholders' approval to potentially extend the Group's core business to include the provision of services aimed at implementing AI applications and related products.

## 8. FINANCIAL EFFECTS

### 8.1 Total Investment

- (a) Leased Equipment: For the initial investment in the joint venture, the total acquisition cost of the leased equipment will not exceed HKD 60 million. As stated in paragraph 7 (*Rationale*) the Company intends to seek Shareholders' prior approval before making further commitment in the joint venture.
- (b) Capital contribution in the JV Company: VML's subscription of shares in the JV Company amounts to HKD7,700,000 in cash.

### 8.2 No Material Impact

The entry into the joint venture is not expected to have any material impact on the earnings per share or net tangible assets per share of the Group for the financial year ending 31 March 2025.

**9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors or substantial shareholders of the Company or their respective associates have any interest, direct or indirect in the joint venture, other than in their capacity as Director or Shareholder.

**10. DOCUMENT AVAILABLE FOR INSPECTION**

A copy of the JVA, with commercially sensitive information redacted, is for inspection by the Shareholders at the Company's Singapore share transfer agent, B.A.C.S Private Limited at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896 during normal office hours for three (3) months from the date of this announcement.

**By Order of the Board**  
**VALUETRONICS HOLDINGS LIMITED**

Tse Chong Hing  
Chairman and Managing Director  
24 June 2024

## Valuetronics enters the AI industry with new JV partnership

- *Valuetronics' first strategic initiative to explore the AI era*
- *Invests HK\$7.7 million in cash for a 55% interest in the JV company; remaining 45% interest held by JV partner, Sinnet Cloud HK Ltd*
- *The JV will provide GPU and AI related value-added cloud services in Hong Kong*
- *Favourable market demand supported by continuous advancements in AI and increasing needs for AI infrastructure services*
- *Potential access to manufacturing opportunities for AI-related hardware that are within the Group's existing manufacturing capabilities*



JV signing ceremony on 24 June 2024: Mr Ricky Tse, Chairman and Managing Director of Valuetronics Holdings Limited (Middle); Ms Ng Man, Director of Sinnet Cloud HK Limited (Right); and Mr Chow Kok Kit, Executive Director of Valuetronics Holdings Limited (Left)





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](http://www.valuetronics.com.hk)

**SINGAPORE – 24 June 2024** – Leading integrated Electronics Manufacturing Services (“**EMS**”) provider Valuetronics Holdings Limited (鸿通电子控股有限公司) (“**Valuetronics**”, or together with its subsidiaries, the “**Group**”) has partnered with Sinnet Cloud HK Limited (“**SinnetCloud HK**”) to tap into the wide-spread and growing use of Artificial Intelligence (“**AI**”) applications today.

Through its wholly-owned subsidiary, Value Match Company Limited (“**VML**”), Valuetronics will invest HK\$7.7 million in cash for a 55% interest in the joint venture (“**JV**”) - Trio AI Limited (“**TrioAI**”) to provide Graphics Processing Unit (“**GPU**”) and AI related value-added cloud services.

SinnetCloud HK is a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of Sinnet Cloud Co. Ltd. (collectively, the “**SinnetCloud Group**”). SinnetCloud Group, which is an experienced GPU and AI solutions provider and affiliated to Shenzhen Stock Exchange-listed Beijing Sinnet Technology Co., Ltd. (stock code: 300383.SZ), will hold the remaining 45% interest in TrioAI.

As part of its business, TrioAI will utilise servers powered by high performance GPU to deliver immense computing capabilities specifically tailored for AI model development and application. Additionally, TrioAI will offer value-added services, including data services and model services, such as application optimisation, model training and inference. These offerings will be provided on an 'as-a-service' basis, offering users the advantages of flexibility, scalability, and cost-efficiency, thereby making TrioAI's services accessible to a broader audience.

AI, driven by machine learning and deep learning algorithms, requires immense computational resources to train models and perform complex analyses. Supercomputing combined with AI infrastructure services provides the necessary environment to handle these intensive tasks efficiently. Moreover, the demand for generative AI and AI-driven insights is skyrocketing. Businesses are increasingly relying on AI to optimise operations, enhance customer experiences, and gain competitive advantages.

**Mr Ricky Tse Chong Hing (谢创兴), Chairman and Managing Director of Valuetronics elaborated on the strategic investment:**

*“As we navigate the rapidly evolving landscape of technology, one of the most compelling opportunities before us is the integration of computing power with AI. This combination stands to revolutionise industries, drive innovation, and transform manufacturing.*

*Supercomputing, with its unparalleled processing power from GPU, is the backbone of advanced AI applications and developments. The ability to process vast amounts of data at unprecedented speeds enables breakthroughs in areas such as healthcare, finance, manufacturing, and beyond.*

*The market demand and supply dynamics for GPU and AI related services are highly favourable in Hong Kong, driven by continuous advancements in AI and increasing computational needs. Our strategic investment provides an opportunity to evaluate this growing trend and allows us to tap into the rising demand for cutting-edge AI solutions, positioning Valuetronics’ JV at the forefront of these advancements and harnessing the full potential of AI.”*

The growing demand for AI infrastructure services in Hong Kong is supported by survey data<sup>1</sup> where 41% of surveyed companies across a wide range of industries have adopted or will adopt AI and around 60% of these companies plan to spend an average of HK\$1.2 million to expand AI applications in their business.

Mr Tse continued: *“We are very pleased to collaborate with an experienced partner like SinnetCloud Group in the management and operation of TrioAI. Their proven track record and deep understanding of the AI industry will ensure the successful implementation of TrioAI’s business strategies. Additionally, their expertise will help design value-added services that meet the evolving needs of businesses seeking to harness the power of AI.”*

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<sup>1</sup>Source: “Research on the Development of the Artificial Intelligence Industry in Hong Kong” conducted by HK Productivity Council, HKU Business School, and HK Institute of Economics and Business Strategy, Nov 2023

As part of the JV collaboration at its inception stage, Valuetronics, will through its wholly-owned subsidiary, acquire the GPU-enabled servers and ancillary hardware required for the JV and lease them back to TrioAI for a term of 60 months at a rent calculated to principally cover the preliminary equipment acquisition cost not exceeding HK\$60 million. TrioAI will be responsible for the maintenance, upkeep and associated costs of the leased equipment during the lease term. This also comes with an exclusive option to VML and/or an affiliate for future equipment leasing.

The Group will evaluate the outcome of this initial investment before it makes further commitment to this JV and if relevant, seek Shareholders' approval to potentially extend the Group's core business.

Mr Tse concluded: *"Our investment in the JV reflects the Group's first strategic foray in exploring the potential of the AI era. While our investment is relatively small, it presents a pivotal opportunity for Valuetronics to enter the AI industry. We seek to learn more about AI-related hardware, potentially opening a window to manufacturing opportunities for such hardware, including hardware assembly, high-performance computing ("HPC") cooling solutions, and more — all of which fall within the existing manufacturing capabilities of the Group."*

*Note: This press release should be read in conjunction with the accompanying SGX announcement released on 24 June 2024.*

-- END --

### **Cautionary Statement**

*Shareholders are advised to read this press release and announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.*



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](http://www.valuetronics.com.hk)

### **About Valuetronics Holdings Limited**

Listed on the SGX Mainboard in 2007 and currently a constituent stock on the FTSE ST Small Cap and FTSE Global Micro Cap Indices, Valuetronics Holdings Limited ("**Valuetronics**", or together with its subsidiaries, the "**Group**") is a one-stop, integrated Electronics Manufacturing Services ("**EMS**") provider that offers a full range of services from conceptualisation, to engineering design and development, to production and supply chain support.

Valuetronics has two principal business segments, namely Consumer Electronics ("**CE**") Products and Industrial and Commercial Electronics ("**ICE**") Products. Together, the two segments serve a diversified customer base across multiple industries, with core competencies ranging from tool fabrication, injection moulding, metal stamping, machining, surface mount technology ("**SMT**") and finished product assembly on full turnkey basis.

Aligned to its multi-location strategy, Valuetronics' two manufacturing facilities are located in the manufacturing powerhouses of China and Vietnam. Its 110,000m<sup>2</sup> China Campus is located at Huizhou City, Guangdong Province and its 52,541 m<sup>2</sup> Vietnam Campus is in Vinh Phuc Province. The close proximity to major customers puts the Group in an advantageous position to engage, understand and initiate value-added solutions to meet its customers' ever-evolving needs and to proactively support them in achieving faster time-to-market, better quality control, and competitive total cost of ownership.

For more information, visit [www.valuetronics.com.hk](http://www.valuetronics.com.hk).

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#### ***Issued by August Consulting on behalf of Valuetronics Holdings Limited***

Silvia Heng – Mobile: +65 9684 4500, Email: [silviaheng@august.com.sg](mailto:silviaheng@august.com.sg)

Wrisney Tan – Mobile: +65 9743 2667, Email: [wrisneytan@august.com.sg](mailto:wrisneytan@august.com.sg)

Victoria Lim – Mobile: +65 9641 2245, Email: [victorialim@august.com.sg](mailto:victorialim@august.com.sg)