

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

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 data¹ 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.”*

¹Source: “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.

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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.



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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 110,000m² China Campus is located at Huizhou City, Guangdong Province and its 52,541 m² 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.

Issued by August Consulting on behalf of Valuetronics Holdings Limited

Silvia Heng – Mobile: +65 9684 4500, Email: silviaheng@august.com.sg

Wrisney Tan – Mobile: +65 9743 2667, Email: wrisneytan@august.com.sg

Victoria Lim – Mobile: +65 9641 2245, Email: victorialim@august.com.sg