Securities Investors Association (Singapore)
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UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: Valuetronics Holdings Limited

Stock code: BN2

Meeting details:
Date: 27 July 2026
Time: 10.00 a.m.
Venue: voco Orchard Singapore, Ballroom 1, Level 3, 581 Orchard Road Singapore 238883

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Q1. With management progressively phasing out legacy, lower-margin consumer electronics products, the group achieved an improvement in gross profit margin to 18.8%. Gross profit grew by 6.3% year-on-year to HK$312.1 million.

For FY2026, growth was primarily driven by a Canada-based network access solutions customer. Based on Note 5 (Revenue and segment information), revenue generated from customer(s) in Canada increased significantly from approximately HK$43 million in FY2024 to approximately HK$251 million in FY2026.

(i) Can management help shareholders better understand the sustainability of this growth? What are the principal demand drivers, and to what extent is this business supported by structural trends such as AI infrastructure and data centre investment?

(ii) Following the expansion of the Vietnam campus to the third floor in 2025, has the expansion now been completed? Can management provide an update on the current utilisation rates at both the China and Vietnam campuses, and how much additional production capacity remains available before further capital investment is required?

On 16 January 2026, SGX RegCo issued a Regulator's Column on forward guidance, in which the regulator strongly encouraged issuers to provide meaningful forward-looking disclosures.

The Regulator's Column can be accessed here:
https://www.sgxgroup.com/media-centre/20260116-regulators-column-forward-guidance-why-it-matters-and-how-get-it

(iii) In light of SGX RegCo's guidance, does the company intend to provide regular forward-looking guidance beyond FY26/27? If so, what form is this likely to take, and if not, what are the manager's considerations in deciding against providing such disclosures?

Q2. In 2024, the group established Trio AI Limited in partnership with Sinnet Cloud HK Limited to offer graphics processing unit (GPU) infrastructure and AI-related cloud services in Hong Kong. Trio AI leases GPUs and related hardware from Computing Assets Limited, a wholly-owned subsidiary, under an equipment leasing arrangement.

According to the annual report, the investment was supported by an external market study, which concluded that growing AI adoption and a shortage of GPU computing capacity would create attractive market opportunities in Hong Kong.

However, market demand did not develop as anticipated. Although a new investor, Yee Hop Holdings Limited, was subsequently introduced to provide additional funding and commercial opportunities, Trio AI's performance has remained below expectations. The board has stated that it is reviewing strategic options, including a disposal or redeployment of the business.

The gain/(loss) relating to Trio AI Investment during the year are summarised as follows:

	HK$'000
Impairment loss on property, plant and equipment and related lease receivable (i)	(45,000)
Impairment losses on financial assets (ii)	(2,177)
Gain on deemed disposal of a subsidiary (iii)	9,401
Share of loss of an associate (including the share of loss of HK$2,821,000 and impairment of investment of HK$2,569,000)	(5,390)
Loss (net of non-controlling interests) during the period under the Group's control	(5,262)
Total	**(48,428)**

Notes:
(i) Representing impairment on GPUs and related ancillary hardware.
(ii) Representing impairment on the loans to Trio AI.
(iii) Representing the gain upon deconsolidation dilution, where the Group's equity interest in Trio AI was diluted from the initial 55.0% to 26.6%.

(Source: company annual report)

Loss attributable to Trio AI amounted to HK$(48.4) million.

(i) Can the board revisit the original investment thesis for Trio AI? Was the primary issue an overestimation of market demand, an underestimation of competitive dynamics, an incorrect technology strategy or shortcomings in execution? How did the board satisfy itself that the group possessed the necessary capabilities and competitive advantages before approving the investment? Is the board satisfied that the due diligence in 2024 was sufficiently robust?

(ii) How has the board assessed management's execution of this investment, and what accountability measures have been taken?

(iii) Can the board confirm that no additional capital will be injected into Trio AI?

(iv) Can the board explain the rationale for selecting Yee Hop Holdings Limited as a strategic investor? Given that Yee Hop's principal business is foundation, civil engineering and tunnelling works, what specific capabilities, commercial relationships or strategic advantages does it bring to Trio AI? In addition, how was the issue price for the new shares determined, and how did the board satisfy itself that the transaction was the best alternative available to it?

Q3. The company has announced a HK$300 million capital return programme to be implemented over the next two years.

FY2027: Approximately HK$146.0 million allocated
- HK$66.0 million in special dividends[1] (in respect of FY2026 results)
- Not less than HK$80.0 million in share buybacks[2]

FY2028: Remaining balance of the HK$300.0 million to be allocated
- Further special dividends and/or share buybacks

(Source: company annual report)

According to SGX StockFacts[1], the company is currently trading at approximately 1.8 times book value and 23 times earnings. As at 31 March 2026, the reported net asset value per share was HK$3.60, or approximately S$0.59.

(i) What framework does the board use when determining the most appropriate method of returning capital to shareholders? Specifically, how does the board evaluate the trade-offs between special dividends, ordinary dividends and share buybacks under different market conditions?

The company announced its latest share buyback on 9 July 2026, repurchasing 76,800 shares at an average price of S$1.0879 per share. The total number of shares purchased under the buyback mandate totalled 1,333,300.

(ii) Can the board elaborate on the framework governing the share buyback programme? Specifically, what guidance has the board provided to management regarding the price, timing and scale of share repurchases, and how does the board monitor whether repurchases are being conducted in a disciplined manner that maximises long-term shareholder value rather than simply utilising the approved capital return budget?

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Check out the latest questions on the annual reports of listed companies on SIAS website

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[1] https://investors.sgx.com/market/securities?code=BN2&type=stocks

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