

For Immediate Release



VSTECS's 2018 Annual Results Revenue Hit Record High Again

Turnover Surged by 15% to HK\$62.5 Billion

Cloud Computing & Big Data Analytics Segment Grew Over 50%

VSTECS's 2018 Annual Results Highlights

- The net profit of the Group recorded approximately HK\$741 million, representing an increase of approximately 3% (This deducted one-off exchange loss and other expenses of approximately HK\$ 98 million. If no one-off losses, net profit was HK\$ 839 million, increased by 17%);
- The turnover of the Group recorded approximately HK\$62.5 billion, representing a substantial increase of approximately 15% as compared with last year;
- The gross profit of the Group recorded approximately HK\$2.81 billion, representing an increase of approximately 19.7% as compared with last year;
- Basic earnings per share for the ended 31 December 2018 was approximately HK 51.62 cents per share.

(26 March 2019 - Hong Kong) **VSTECS Holdings Limited** ("VSTECS" or "the Company", together with its subsidiaries the "the Group", stock code: 856.HK), the leader of IT product channel development and technical solution integration services provider in Asia Pacific, is pleased to announce its consolidated results for the year of 2018 (the "**reporting year**").

Maintaining the growth momentum that outperform the industry average, VSTECS seized the opportunities brought by the big data boom in the ever-changing technology sector as the turnover rate and net profit of the Group continuous to grow in the year of 2018. During the year under review, the turnover of the Group increased by 15% to approximately HK\$62.5 billion (2017: HK\$54.5 billion). The gross profit recorded approximately HK\$2.81 billion in 2018 (2017:

HK\$2.35 billion). The net profit recorded approximately HK\$741 million (2017: HK\$716 billion), and this deducted one-off exchange loss and other expenses of approximately HK\$ 98 million. If no one-off losses, net profit was HK\$ 839 million which was 17% growth. Basic earnings per share for the reporting year was HK 51.62 cents (2017: HK 51.53 cents) per share. Dividend per share was HK\$ 15.2 cents (2017: 14.7 cents).

In terms of segments, the Group's revenue from the cloud and big data analytics segment significantly increased by 54.2% to HK\$ 16.3 billion, contributing 26.1 % of the total Group revenue; revenue from the mobility digital devices segment increased by 16.8% to HK\$26.1 billion, contributing 41.8% of the total Group revenue; revenue from the network and data security segment increased by 5% to HK\$8.8 billion, contributing 14.1% of the total Group revenue; revenue from the components products segment was approximately HK\$ 11.3 billion, contributing 18% of the total Group revenue. In terms of geographical distribution, the Company's business in North Asia and South East Asia achieved sound performance. In particular, revenue generated in North Asia increased by 12.2% to HK\$49.4 billion, revenue from South East Asia increased by 24.3% to HK\$13.1 billion. North Asia and South East Asia contributed 79% and 21% of the total Group revenue respectively.

Strive to Develop SME's IT Services Market to Drive Rapid Growth in Cloud Computing & Big Data Analytics Segment

In 2018, VSTECS strived to enhance the Group's services from VSTECS Cloud and the information technology (IT) service divisions of VSTECS in response to the increasing demand of hardware and software services for big data analytics, cloud computing and innovative technology and based on the concept of Innovative Service 2.0, the IT services of VSTECS comprise innovative service products from over 10,000 partners through an integrated service and resource platform.

Meanwhile, VSTECS proactively developed the strategic layout of its new products by continuously expanding the product portfolio. It comprised of a wide-ranging system established by Yitu which offered the functions of medical consultation, electronic transaction, mechanical control and facial recognition, covering different industries; and a machine learning software by Splunk; an information security software by Kaspersky; a hybrid cloud operating system by Mesosphere; and a virtual reality application by zSpace which expanded the home entertainment and education markets; formed strategic partnership with JD Cloud which made full use of cutting-edge technologies such as cloud computing, big data and artificial intelligence to promote innovation in the industry . For the expansion of its new businesses, VSTECS actively focused on the development of O2O businesses. The project subsequently extended to other countries in South East Asia. In addition, VSTECS was trying to make a comprehensive cooperation in the South East Asia, aiming at creating a new innovative business model and integrating branches in South East Asia to consolidate business resources. The Company has established in the South East Asia for many years with abundant resources. In our cooperation with those e-commerce that provide platforms, the Company can offer product resources,

business support, warehousing and logistics.

Expanding Diversified Businesses In The Era Of Big Data

VSTECS fully developed various business diversifications during the year. The Company has the Internet microcredit license for supply chain financing and is one of the few companies having the Internet microcredit license to carry out money lending business across the country and was granted approval for commencing supply chain financing business. It is expected to realise low-risk and stable revenue by capitalising on the Group's downstream client resources in China, long track record of transactions and established credit assessment system as well as the extensive experience of VSTMC's management in credit and factoring business for small and medium enterprises in commercial banks.

Moreover, VSTECS also developed the VSTECS Cloud to provide one-stop cloud data services; IT resource integration for small and medium enterprises by the information service division of VSTECS; digitalized and multi-model logistic services by VES Supply Chains; industry merger and acquisition and investment by VSTAM. With the gradual implementation of various new services and new platforms, VSTECS will further upgrade the closed loop ecosystem and gain the future market opportunities with partners.

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About VSTECS Holdings Limited (Stock Code: 856.HK)

Established in 1991, VSTECS Holdings Limited ("VSTECS") the leader of IT product channel development and technical solution integration services provider in Asia Pacific. VSTECS's compounded annual growth rate (CAGR) for revenue and net profit were 31% and 36% respectively in the past 17 years since listed in 2002. In 2018, VSTECS achieved record high revenue of over HK\$6.25 billion. VSTECS has four major business segments: mobility digital devices, components products, cloud computing and big data analytics, and network and data security. VSTECS's products portfolio comprises of 12 fields, including cloud computing, mobile devices, system equipment, software, information security, network infrastructure, data storage, computer components, internet of things application, gaming, drones and virtual reality products. For new business development, VSTECS is striving to establish supply chain financing services and new retail. VSTECS has strategic partnership with over 240 global top 500 technology companies for upstream vendors and over 48,000 downstream channel partners. VSTECS has 81 offices in nine countries, namely China, Thailand, Malaysia, Singapore, Indonesia, Cambodia, Myanmar, Laos and the Philippines. For more information, please visit VSTECS's website: www.vsteecs.com.

This press release is issued by **Wonderful Sky Financial Group Holdings Limited** on behalf of **VSTECS Holdings Limited**.

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