



VSTECS Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0856.HK)

VSTECS FY 2019 ANNUAL RESULTS ANNOUNCEMENT

**ENHANCE DEVELOPMENT IN "CLOUD COMPUTING + BIG
DATA + AI" FOR THE COMING RAPID GROWTH IN 5G NEW
INFRASTRUCTURES**

FY 2019 Annual Results Highlights

- **Net profit recorded approximately HK\$810 million increased by approximately 9% y-o-y**
- **Turnover recorded approximately HK\$66.2 billion increased by approximately 6% as compared to last year**
- **Basic earnings per share was approximately HK57.03 cents, increased by approximately 10% y-o-y**
- **Dividend per share is HK16.7 cents (2018: HK15.2 cents), increased by approximately 10% y-o-y**

[24 March 2020, Hong Kong] **VSTECS Holdings Limited** ("VSTECS" or "Company", stock code: 0856.HK), the leading IT product channel development and technical solution integration services provider in Asia Pacific, is pleased to announce the annual results of the Company for the 12 months ended 31 December 2019 today.

In 2019, benefiting from the strong market demand for big data cloud computing and innovative technology software and hardware services, VSTECS seized the opportunity of rapid development in the era of big data and continued to achieve record high results. During the period, the turnover recorded HK\$66.2 billion (2018: HK\$62.5 billion),

increased by 6% y-o-y. Gross profit recorded approximately HK\$2.97 billion (2018: HK\$2.81 billion), increased by 6% y-o-y. Net profit recorded HK\$810 million (2018: HK\$741 million), increased by 9% y-o-y. Basic earnings per share for the year were approximately HK57.03 cents (2018: HK51.62 cents), and dividend for each share is HK16.7 cents (2018: HK15.2 cents).

By segment, revenue from the components products business increased by 12% to approximately HK\$12.6 billion, contributing 19% of the total Group revenue. Revenue from the mobility digital devices business increased by 3% to HK\$27 billion, contributing 41% of the total Group revenue. Revenue from the cloud computing and big data business increased by 4% to HK\$16.9 billion, contributing 25% of the total Group revenue. Revenue from the network and data security business increased by 10% to approximately HK\$9.7 billion, contributing 15% of the total Group revenue.

Geographically, the Company's businesses in both North Asia and South East Asia performed well. The turnover generated from North Asia business increased by 5% to approximately HK\$52.1 billion, and turnover from South East Asia business increased by 8% to HK\$14.2 billion, contributing 79% and 21% of the total Group turnover, respectively.

Providing targeted services in "Cloud Computing + Big Data + AI" to seize opportunity in SaaS field

The development of China's cloud computing has entered the golden period, as the scale of global cloud computing market will reach US\$ 266.4 billion in 2020. Giants such as Amazon AWS, JD Cloud, Ali Cloud, Tencent Cloud, and Huawei Cloud are pushing ahead to accelerate the development of the industry to meet the demand of industrial application protruded by the pandemic.

As a major channel development and technology integration service provider in the Asia-Pacific region, VSTECS has been engaged in the IT industry for 28 years, with prospective presence in cloud computing business. Based on its competitive edges and large scale of operations, VSTECS has polished itself into a leading service provider in the cloud computing industry. In 2019, the Company signed cooperation agreement with Ali Cloud, so as to establish a strategic layout of public cloud and hybrid cloud markets, together with the existing leading domestic and foreign cloud services provider including Amazon AWS, Huawei Cloud, JD Cloud, and VMware. With its strong engineer team and various IT service qualifications, the Company is capable of providing hardware, solutions, and

operation and maintenance services to 50,000 downstream partners and customers from other industries. Going onwards, the Company will continue to provide services in the SaaS segment. In FY 2019, VSTECS 's service business continued to explore and expand more than 100 major customers in the government, finance, manufacturing, chain stores, energy, communication, education, medical care, Internet and other industries. It has established comprehensive IT service-covered integrated solution services, data center operation and maintenance, cloud computing integration services, software development and testing, and IT service management. Important customers include China Development Bank, China Resources Vanguard, ICBC-AXA Life, SNPIT, ENN Group (新奧集團), etc.

One-stop service provider for the core part of new infrastructures to enhance partners' business value

On 4 March 2020, the Standing Committee of the Political Bureau of the CPC Central Committee held a meeting, emphasizing acceleration of the construction of new infrastructures in seven major areas. They include 5G base station construction, big data centers, AI, industrial Internet, new energy vehicle charging piles, UHV, intercity high-speed railways, and urban rail transit, mainly covering a variety of industries such as communication, manufacturing, energy and transportation.

In FY 2019, VSTECS advanced the development in the core industry of new infrastructures. It continued to expand the AI market, and signed contracts with Zhongke Yuncong (中科雲從) and SenseTime to promote the implementation, application and popularization of AI technology. It maintained a close cooperation with MEGVII, providing plenty of products and solutions in the fields of airport, education, hotel and finance. Riding on its position as a gold partner with Cisco China, VSTECS signed contracts with domestic chip companies to promote localized security and controllability. It joined hands with Zhuhai Seine & Zhuhai Pantum to tap into domestic office field. VSTECS has become the first distributor of China Telecom Tianyi Cloud in China, where it engaged in 5G business, promoted Tianyi Cloud products and services, and boosted the intelligent upgrade of Chinese enterprises.

Embracing the era of 5G with active presence in new products

For 2020 outlook, in the new era of 5G, there will be a new wave of computing machine replacement and upgrade in every industry. Given the higher requirements of 5G products for operating speed and storage space, the relevant products and IT services of the Group

is anticipated to become one of the future growth drivers. Meanwhile, the Group will continue its strategy of acquiring new products, which includes being appointed as the distributor in China for iFLYTEK's smart voice recorders to explore AI market and HP 3D printing technology to deepen the application of AI in education. In addition, the Group is authorized by Tencent to become the exclusive distributor of Nintendo Switch in the digital marketing channel and gift industry. Being the only ICT distributor that has the distributorship of three gaming console brands, Nintendo Switch, PS4 and XBOX, is believed to further enhance the Group's market share in the world.

Mr. Li Jialin, Group Chairman and Chief Executive Officer said, "VSTECS is a one-stop service provider for the core part of new infrastructures. The Group will continue to increase the value of partners with quality services, and accelerate to improve ecological structure of cloud computing and big data business. Looking forward, the Company will go on a track of rapid advancement, and endeavor to provide more value-added services so as to boost the profitability."

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About VSTECS

Established since 1991, VSTECS Holdings Limited (“VSTECS”), the leading IT product channel development and technical solution integration services provider in Asia Pacific. 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. VSTECS has strategic partnership with over 300 global top 500 technology companies for upstream vendors and over 50,000 downstream channel partners. VSTECS has 87 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 on behalf of VSTECS.

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