



**VSTECS Holding Limited**

**(Incorporated in the Cayman Islands with Limited Liability)**

**(Stock Code : 0856.HK)**

**VSTECS's Results Hit Record High Again**

**Net Profit Surged by 32% and Cloud Business Increased by 40%**

**Highlights of FY2020**

- Recorded a net profit of approximately HK\$1.07 billion in the year, increased by approximately 32% year-on-year.
- Recorded a turnover of approximately HK \$70 billion, increased by approximately 6% year-on-year.
- Basic earnings per share was approximately 75.54 HK cents per share, increased by approximately 32% year-on-year.
- Dividend per share was 22 HK cents, increased by approximately 32% year-on-year.

[March 25, 2021, Hong Kong] VSTECS Holdings Limited (“VSTECS” or the “Company”, together with its subsidiaries, the “Group”), the leading IT product channel development and technical solution integrated services provider in Asia Pacific, is pleased to announce the annual results for the twelve months ended 31 December 2020 today.

In 2020, despite the market turmoil, VSTECS has joined forces with more global technology partners to create value continuously, and the Group achieved another record high in both revenue and net profit. During the year, revenue amounted to HK\$70 billion, representing a year-on-year increase of 6% (2019: HK\$66.2 billion).

Gross profit grew 5.37% to HK\$3.127 billion (2019: HK\$2.968 billion). Net profit for the year surged by 32% to HK\$1.07 billion (2019: HK\$0.81 billion). Basic earnings per share for the year was HK75.54 cents (2019: HK57.03 cents), representing a year-on-year increase of 32%. Dividend per share was HK22 cents (2019: HK16.7 cents).

By product segments, cloud computing and enterprise systems grew robustly and achieved double digit growth. VSTECS seized the opportunity of the rapid development of big data and cloud computing technology during the year, so that the cloud computing segment continued its strong growth with revenue reaching HK\$1.7 billion, and surged by 40% (2019: HK\$1.2 billion). Revenue of the enterprise systems segment reached HK \$40.9 billion (2019: HK\$35.6 billion), increased by 15% to hit another record high. Revenue of enterprise systems and cloud computing segments accounted for more than 60% of the Group's overall business. Due to the pandemic, revenue of consumer electronics segment fell slightly by 7% to HK\$27.4 billion (2019: HK\$29.4 billion).

### **RightCloud and VSTECS Service Systems Join Forces with Strong Synergy to Provide Enterprise Customers with Full Life-cycle Services**

In the field of cloud computing, VSTECS is committed to becoming a leading technology service company in Asia Pacific by effectively exert our service capabilities through deep understanding of digital development of enterprises. In 2020, the Group continued to promote products of leading cloud vendors including Alibaba Cloud and Huawei Cloud among over 50,000 downstream channel partners. Through deepening cooperation and mutual penetration, the strong distribution channel system of VSTECS enabled them to rapidly expand their business scales. Based on its technical capabilities and product accumulation, the Group actively expanded MSP business and enabled cloud manufacturers and customers to be more connected. In recent years, the Group has deepened its business layout of cloud computing and digital transformation, and provided full life-cycle services for enterprise customers. In FY 2020, the Company served 100+ industry leading end customers including Beijing Benz Automotive, State Grid Corporation of China, China Resources Vanguard, ThyssenKrupp (China), Industrial Bank of China, Shanghai Pudong Development Bank and others.

Based on VSTECS's view on the long-term development of multi-cloud and hybrid-cloud in China's cloud industry in the future, the Group has acquired all businesses, intellectual property rights and personnel associated with cloud computing

of RightCloud, a leading cloud management platform software and service provider in China. This acquisition significantly strengthened cloud computing service capability of the Group. RightCloud launched the Cost Manager SaaS version on Alibaba Cloud with over 10,000 users attracted. This tool enabled customers to clearly understand real-time cloud strategy, flexibly allocate cloud resources, and effectively save 20% - 30% of public cloud usage cost.

### **Comprehensive Layout in IT Innovation Industry**

2020 marks the first year of the information technology application innovation industry. VSTECS frequently secured large orders in domestic basic hardware, basic software, and industry application software from H3C, Lenovo Server, Ruijie, Inspur, Huawei, Kingsoft, etc. During the year, the Group has partnered with numerous top vendors of IT innovation industry including PowerLeader, Primeton, Goke Microelectronics and DBAPPSecurity. As the general agent of H3C, the Company helped sales of H3C products to achieve high-speed growth and doubled sales volume of high-quality H3C UniServer series servers. Through our comprehensive distribution channels, SmartX, a leading hyper-converged and distributed storage manufacturer in China, increased its sales by 70% in 2020, and ranked number one in the financial industry of the hyper-converged software market, while being the pioneer to implement the first production-level cloud case in the securities industry that meets standards.

We are also the largest distributor of security products in China, and have worked closely with major network security vendors, such as NSFOCUS, QIANXIN, Hillstone, and so on. It has provided a full range of network security products and the best enterprise-level application security solutions for over 100,000 customers in over 3,000 channels across the country (including government, operator, finance, energy, Internet, education, medical and other industries). In terms of software, the total number of products signed by the Company reached over 70, including the top three brands of database, middleware, storage and operating system.

### **Southeast Asia's IT Infrastructure Market is Extensive and Continues to Help the Industry Digital Transformation in Countries Along the "Belt and Road"**

During the year, the Company continued to assist digital transformation in various fields for countries along the "Belt and Road", involving government, finance,

communications, transportation, medical and other industries. For example, it helped a government department in Southeast Asia to upgrade the hardware and software of its network security system, and provided solutions for the private cloud project of a foreign bank data centre. With its excellent capability of cloud service and digital application solution, VSTECS (Thailand) won the Best Partner of Microsoft 2020 (Thailand). Microsoft mentioned in the award speech: in the past year, VSTECS (Thailand) experienced a significant digital upgrade to become a Cloud Solution Provider (CSP), empowering channel partner and achieving excellence results in revenue contribution and market coverage. During the year, VSTECS (Thailand) acquired the largest number of cloud partners and customers in the region.

Although the pandemic delayed some product demand and service delivery to customers in China and South East Asia, demand picked up significantly in the second quarter as the pandemic was first brought under control in China. Due to immense demand for IT infrastructure in Southeast Asia, demand for IT products is gradually recovering. As a leading channel provider in Southeast Asia, the Company gained prominent scale benefits and channel value, and will continue to benefit from leapfrog growth in demand for IT infrastructure in China and Southeast Asia.

### **Strategic Expansion of New Products and Continuous Distribution of Emerging Technology Fields**

VSTECS is the most important partner of more than 300 Fortune 500 technology enterprises in Asia Pacific region, including Huawei, Alibaba, H3C, Tencent, Sugon, Lenovo, HP, Dell, Microsoft, Apple, Oracle, Seagate, and Western Digital. In 2020, VSTECS continued to expand its product portfolio with the focus on key global technology products, and deepened layout of emerging technology fields covering cloud computing, big data, AI and others. The Company strengthened cooperation with Alibaba Cloud, Huawei Cloud, Amazon AWS, Microsoft Azure and other leading cloud vendors, becoming the general agent of Easystack and Veeam, providing more cutting-edge and professional cloud services for enterprise customers in industry, and working with XYLink to improve layout in cloud video.

In terms of consumer electronics, VSTECS is the only ICT distribution group in the world that owns the rights to distribute all three global console brands - Nintendo Switch, PS4 and XBOX. In 2020, the Group continued to promote Tencent Nintendo fitness ring, and cooperated with SKG, a leading brand of intelligent massage instrument in personal care health, Formlabs, a desktop 3D printing manufacturer, and

SMART technology to build a long-term development prospect. VSTECS (Thailand) became the general agent of Thomas Design electric vehicle. VSTECS is not only committed to the development of the industry, but also benefits partners of the whole value chain. With a foundation in distribution service, leveraging on the information platform, the Group continuously reduces transaction cost, building a one-stop distribution service system for all product categories, and creates an efficient, sustainable, and diversified business ecosystem for the whole value chain partners.

### **About VSTECS**

Established in 1991, VSTECS Holdings Limited is the leading IT product channel development and technical solution integrated service provider in Asia Pacific. VSTECS has three major business segments: enterprise systems, consumer electronics and cloud computing. The portfolio of products of VSTECS comprises of 12 fields, including cloud services, AI, mobile internet, network security, network infrastructure, data storage, data analytics/visualisation, solution delivery, IoT application, gaming & entertainment, wearables and VR products. VSTECS forms strategic partnership with over 300 global top 500 upstream technology 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 the company's website: [www.vstecs.com](http://www.vstecs.com).

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