

FOR IMMEDIATE RELEASE

Willas-Array reports sales of HK\$3,687.8 million and a loss of HK\$19.0 million in FY2019

- *Recommends final dividend of Hong Kong 20.0 cents per ordinary share.*

<i>Financial Highlights in HK\$'m</i>	12 months ended 31 March		
	FY 2019	FY 2018	% Change
Revenue	3,687.8	4,556.4	(19.1)
Gross profit	327.5	395.4	(17.2)
(Loss) profit attributable to owners of the Company:	(19.0)	112.0	(116.9)
Basic (loss) earnings per share (HK cents)*	(22.36)	133.67	(116.7)
NAV per share (HK cents) [†]	787.05 (as at 31 Mar 2019)	852.70 (as at 31 Mar 2018)	(7.7)

* Basic earnings per share was computed based on 84,811,622 and 83,753,344 (restated) weighted average number of shares in FY 2019 and FY 2018 respectively.

[†] NAV was computed based on 85,207,049 ordinary shares as at 31 March 2019 (31 March 2018: 83,975,049 (restated)).

SINGAPORE – 29 May 2019 – Willas-Array Electronics (Holdings) Limited (“Willas-Array” or the “Group”), one of the largest Hong Kong-based distributors of electronics components in the Greater China region, has reported HK\$3,687.8 million in revenue for the financial year ended 31 March 2019 (“**FY2019**”) against a backdrop of increasing trade tensions between the US and China, which had affected global business and consumer sentiments.

The adverse operating environment was felt across the electronics componentry industry with drastic declines in both the export and Chinese domestic demand. However through ongoing efforts to develop value-added services to its customers in its key growth Automotive, Industrial and Home Appliance segments, Willas-Array was able to mitigate some impact from the macro environment.

In line with the lower FY2019 sales, the Group’s gross profit came in at HK\$327.5 million, 17.2% lower than the previous corresponding financial year in 2018 (“**FY2018**”) but gross

profit margin slightly increased from 8.7% in FY2018 to 8.9% in FY2019 mainly because of its investment to enhance its engineering resources and sales network, which led to better returns.

During the financial year under review, Willas-Array recorded other losses of HK\$31.3 million, which include an exchange loss of HK\$30.7 million, mainly arising from the depreciation of RMB as compared to other gains of HK\$33.7 million in FY2018, which included an exchange gain of HK\$33.4 million mainly arising from the appreciation of RMB. In relation to trade receivables, the Group recorded HK\$8.8 million of impairment losses in FY2019 as compared to reversal of impairment losses of HK\$4.1 million in FY2018.

While distribution costs declined 28.7% year-on year (“YOY”) to HK\$43.1 million in tandem with the lower sales generated, the Group incurred higher administrative expenses, which rose by 4% YOY in FY2019 to HK\$220.1 million mainly due to an increase in premises and warehouse removal expenses due to extra rental expenses incurred for the new warehouse in Hong Kong for renovation and removal in the current year. Meanwhile, finance costs rose 50.9% YOY to HK\$46.6 million due to an increase in average trust receipt loans and the higher average interest rate during the year.

As a result of the aforementioned, Willas-Array recorded a loss attributable to owners of the company of HK\$19.0 million in FY2019.

Willas-Array’s Chairman, Mr Lawrence Leung, said: *“FY2019 was a really tough year for the electronics components industry. We were battling headwinds from every front because of the often unpredictable outcomes brought on by the escalating tensions between the US and China. The trade fallout led to an increasingly difficult operating environment especially as there seems to be no near-term resolution in sight.*

“Against this backdrop Willas-Array fought valiantly as we pursued every business opportunity. Our ongoing strategy to invest engineering resources into our growth segments of Automotive, Industrial and Home Appliance also held us in good stead as the value-added services we provided set us apart from our peers and provided some buffer against the significant decline in the performance of the overall industry.”

As at 31 March 2019, the Group had a working capital of HK\$398.9 million, which included a cash balance of HK\$297.5 million. Net gearing ratio was 108.1% (31 March 2018: 101.9%) mainly due to a decrease in shareholders' equity from HK\$716.1 million to HK\$670.6 million.

Mr Leung, said: *"Given our 30-year track record, the Group remains confident of its ability to weather the current market conditions as we continue to focus our efforts and resources on the key growth segments we have identified. We believe that the longer term prospects of the automotive, industrial and home appliance remain bright and we want to use this slower period to boost our capabilities even more in order to catch the economic upswing when it comes.*

"At the same time, we remain mindful of the considerable downside risks and the uncertainty in the macro-environment. In FY2019, we took several measures to further tighten our costs and expenditure, we also kept a close eye on the credit risk of debtors and kept our inventory at appropriate levels. The Group will continue to be prudent in managing its operations and sustaining a healthy liquidity position in order to support long-term growth."

Despite its weaker performance in FY2019, Willas-Array remains confident in the sustainability of its business as well as the longer term prospects of its industry. Its Board of Directors has recommended a final dividend of Hong Kong 20.0 cents per ordinary share, which is payable on 26 August 2019 subject to approval by shareholders at the Group's upcoming annual general meeting on 26 July 2019.

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About Willas-Array Electronics (Holdings) Limited

Established in the early 1980s, and listed on the Main Board of Singapore Exchange Securities Trading Limited in 2001 (SGX: BDR) and also on the Main Board of The Stock Exchange of Hong Kong Limited in 2013 (SEHK: 854), Hong Kong-based Willas-Array Electronics (Holdings) Limited (“Willas-Array” and together with its subsidiaries, the “Group”) is principally engaged in the distribution of electronic components for use in the industrial, audio and video, telecommunications, home appliance, lighting, electronic manufacturing services and automotive segments, as well as the provision of engineering solutions.

Backed by long-standing relationships with over 20 internationally reputable principal suppliers, Willas-Array carries a wide product mix, distributing and marketing over 10,000 product items which cater to over 3,000 customers. Its main markets are in mainland China, Hong Kong and Taiwan.

The Group’s reputation is well-established among suppliers, customers and banks, many of whom are its long-term partners. Its sound management policies have ensured healthy inventory and cash flow levels. The Group was generally able to achieve healthy financial results and has strong profit track record period.

In mainland China, Willas-Array has established a network of offices strategically located in Beijing, Chengdu, Chongqing, Guangzhou, Qingdao, Shanghai, Shenzhen, Xiamen and Zhongshan. It has a subsidiary, in the Free Trade Zone in Shanghai, which serves as a logistics centre for the Group in northern China. Willas-Array also has a wholly-owned subsidiary in Taipei to tap on the growing number of large electronic manufacturers in Taiwan doing business in China.

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