

FOR IMMEDIATE RELEASE

Willas-Array records sales of HK\$1,672.4 million in 1H FY2020

- Except for Automotive, which achieved a 4.9% growth, all other segments registered weaker performance due to intense price competition and poor export market conditions caused by ongoing US-China trade tensions.

| Financial Highlights in HK\$'m | 6 months ended 30 September | | |
|---|--------------------------------------|-------------------------------|----------|
| | 1H FY2020 | 1H FY2019 | % Change |
| Revenue | 1,672.4 | 2,154.8 | (22.4) |
| Gross profit | 99.2 | 207.2 | (52.1) |
| (Loss) profit attributable to owners of the Company: | (55.8) | 6.7 | NM |
| Basic (loss) earnings per share (HK cents)* | (65.51) | 7.97 | NM |
| NAV per share (HK cents) ⁺ | 687.38 (as at 30 Sep 2019) | 787.05 (as at 31 Mar 2019) | (12.7) |

* Basic (loss) earnings per share was computed based on 85,207,049 and 84,418,355 weighted average number of shares in 1H FY2020 and 1H FY2019 respectively.

⁺ NAV was computed based on 85,207,049 ordinary shares.

SINGAPORE – 14 November 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, will continue to invest more resources into its Industrial, Home Appliance and Automotive segments, which it believes will be key drivers of future growth for the Group.

For the six months ended 30 September 2019 (“1H FY2020”), WAE registered a loss of HK\$55.8 million on the back of revenue, which declined 22.4% year-on-year (“YOY”) to HK\$1,672.4 million. Except for its Automotive segment, which achieved a sales growth of 4.9% YOY, all other business segments had weaker showings mainly due to intense competition and poor export and domestic market conditions in China, which brought on by the ongoing US-China trade dispute. The challenging conditions were further compounded by the depreciation of Renminbi, which reduced the buying power of Willas-Array’s customers and forced the Group to offer more competitive pricing. With no sign of near-term improvement in the geo-political arena, many of the Group’s customers had projects that were either postponed or cancelled as sentiments turned ultra-cautious.

In terms of segmental breakdown, the Industrial segment, which covers a wide range of applications from switch mode power supply to energy saving products, remained the largest revenue contributor and generated HK\$455.9 million in 1H FY2020 (HK\$555.9 million in 1H FY2019).

Driven by domestic demand and the increasing use of the inverter function in white goods, the performance of the Group's Home Appliance segment held steady, declining a marginal 0.5% to HK\$304.8 million in 1H FY2020, amidst tough market conditions.

The Automotive segment continued to generate healthy sales for Willas-Array, with revenue increasing 4.9% YOY to HK\$247.8 million in 1H FY2020. Despite the slowdown in China's domestic car sales, car makers continued to invest in enhancing the electronic content of their cars, which had presented many opportunities for the Group to offer its engineering capabilities.

Willas-Array's Chairman, Mr Lawrence Leung, said: *"In spite of the difficult operating environment, Willas-Array is confident in being able to weather this storm as we have always been prudent in managing our costs and inventory and sustaining a healthy liquidity position. We will continue to strategically focus on our three biggest growth segments, namely Industrial, Home Appliance and Automotive, while pursuing opportunities across all our segments in order to secure more business and drive revenue growth."*

The Group's net asset value per share came in at 687.38 HK cents as at 30 September 2019 as compared to 787.05 HK cents as at 31 March 2019.

As at 30 September 2019, the Group had a working capital of HK\$313.3 million, which included a cash balance of HK\$231.5 million, compared to a working capital of HK\$398.9 million, which included a cash balance of HK\$297.5 million as at 31 March 2019. The YOY decrease in cash was mainly due to the net effect of cash outflows of HK\$3.2 million in investing activities and HK\$195.7 million in financing activities and inflow of HK\$135.7 million generated from operating activities. Net gearing ratio improved to 105.6% as at 30 September 2019 (31 March 2019: 108.1%) mainly due to a decrease in trust receipt loans and bank borrowings.

Mr Leung said: *"Willas-Array has established a strong network of suppliers and customers in our core China market over the years. I believe our track record, long standing business relationships and our reputation for offering highly relevant engineering solutions and support to our partners, are advantages that will hold us in good stead for many years to come."*

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 wholly-owned 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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