WILLAS-ARRAY™
威雅利電子(集團)有限公司
Willas-Array Electronics (Holdings) Limited

FOR IMMEDIATE RELEASE

Willas-Array achieves sales of HK$3,175.3 million in FY2020

- *Remains confident in ability to weather current market conditions due to past experience and positive growth prospects of key segments.*

Financial Highlights in HK$'m	**12 months ended 31 March**		
	FY 2020	**FY 2019**	**% Change**
Revenue	**3,175.3**	**3,687.8**	(13.9)
Gross profit	**206.2**	**327.5**	(37.1)
Loss attributable to owners of the Company	**(72.6)**	**(19.0)**	N.M.
Basic loss per share (HK cents)*	**(85.15)**	**(22.36)**	N.M.
NAV per share (HK cents)⁺	669.79 (as at 31 Mar 2020)	787.05 (as at 31 Mar 2019)	(14.9)

** Basic loss per share was computed based on 85,207,049 and 84,811,622 weighted average number of ordinary shares in FY 2020 and FY 2019 respectively.*

+ NAV was computed based on 85,207,049 ordinary shares as at 31 March 2020 (31 March 2019: 85,207,049).

N.M. denotes not meaningful.

SINGAPORE – 28 May 2020 – Willas-Array Electronics (Holdings) Limited (**"Willas-Array"**, the **"Group"** or **"WAE"**), one of the largest Hong Kong-based distributors of electronics components in the Greater China region, is confident of being able to weather the current adverse market conditions despite its weaker performance in the financial year ended 31 March 2020 ("**FY2020**").

Willas-Array's Chairman, Mr Lawrence Leung, said: *"Having experienced at least two financial crises (in 1997 and 2008) and one health crisis (SARS in 2003) in the past, we have learnt to be financially prudent and operationally efficient. This, together with our longstanding customer relationships and extensive distribution network in China, give us the confidence of being able to get through this."*

The Group recorded a 13.9% year-on-year ("**YOY**") decline in revenue to HK$3,175.3 million in FY2020, attributing the weaker performance to the poor export and domestic markets, which continued to be dragged down by ongoing trade tensions between the US and China. The situation had caused several of WAE's clients to delay or cancel their projects. However, as a result of diligent efforts to clear excess stock due to such delayed projects, the Group was able to halve inventory levels to HK$375.1 million as at 31 March 2020 as compared to HK$689.9 million as at 31 March 2019.

Of its top three revenue contributors, the Group recorded lower sales from its largest **Industrial** segment, which saw a 10.2% YOY decline in sales to HK$879.7 million in FY2020 as a result of the slower export market and conservative domestic consumption. This was partially offset by higher sales from its second largest revenue contributor, the **Home Appliance** segment, which achieved an increase of 18.8% in sales to HK$643.6 million as it continued to benefit from the Chinese government's focus on energy saving and high efficiency features. Revenue from the **Automotive** segment rose 8.4% YOY to HK$485.7 million in FY2020 despite a difficult year for the automotive industry with sales and production of vehicles declined in China.

The challenging business environment weighed heavily on market confidence during the year under review and amidst intense price competition, the Group's gross profit fell 37.1% YOY to HK$206.2 million in FY2020, while gross profit margin fell in tandem to 6.5%, as compared to 8.9% in the previous corresponding 12 months ("**FY2019**").

Mr Leung, said: *"In FY2020, we were affected by poor market confidence both abroad and domestically, which shrank our orders and depressed our margins as we fought to maintain market share amidst intense price competition. However we were extremely encouraged that because of our past efforts to identify and invest in growth segments, we were able to partially offset the decline in sales from other more affected segments. A key example was our Automotive segment, which achieved higher YOY revenue compared to FY2019 despite the slowdown in China's vehicular sales and production. This was because of our ability to provide what the car makers needed to increase the electronic content of their cars to develop better features and enhance performance. Home Appliance was another segment that did better because of our foresight to invest in the inverter application in line with China's focus on energy saving products.*

"Meanwhile, we remain optimistic that our Industrial segment will improve in the long term as the industrialisation of city infrastructure, national energy saving initiatives and factory automation gain traction in China. We are committed to continue our focus on these three segments."

Overall, WAE's expenses fell across the board as the Group curtailed staff costs and administrative expenses in line with lower sales.

As a result of the aforementioned, Willas-Array recorded a loss attributable to owners of the Company of HK$72.6 million in FY2020.

As at 31 March, 2020, the Group had a working capital of HK$302.0 million, which included a cash balance of HK$264.8 million, compared to a working capital of HK$398.9 million, which included a cash balance of HK$297.5 million as at March 31, 2019. The decrease in cash by HK$32.7 million was primarily attributable to the net effect of cash outflows of HK$1.4 million in investing activities and HK$316.3 million in financing activities and a cash inflow of HK$285.8 million generated from operating activities.

The Group expects the next 12 months to be very challenging as countries grapple with the COVID-19 pandemic, which has caused massive supply chain disruptions as countries closed their borders and shut down factories. The initial cheer brought on by the signing of Phase One of a US-China trade deal in January 2020 also appears to have fizzled out amidst renewed tensions between the two nations.

Mr Leung said: *"We are tightening our belts across our entire operation as we brace for a very tough 12 months ahead. There remains a great deal of uncertainty surrounding US-China trade relations and I believe the fall-out from COVID-19 will continue to shake world economies for many months to come. While WAE is not directly involved in the sectors most severely affected by the pandemic, we are inevitably affected by the sharp fall in global economic activity, which has led to business closures and massive job losses worldwide. In light of this, the Group will ensure we have sufficient funds for working capital needs as we carefully navigate our way out of this situation."*

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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 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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