

FOR IMMEDIATE RELEASE

Willas-Array rides back into profit as markets re-open for economic activity

- Benefits from the strong rebound in demand from both the domestic and export markets as well as support from the Chinese government's economic and business support policies.
- Achieves HK\$22.4 million in net attributable profit on the back of a modest 0.9% increase in sales to HK\$1,687.2 million.
- Stellar performance despite market uncertainties caused by the COVID-19 pandemic.

Financial Highlights in HK\$'m	6 months ended 30 September		
	1H FY2021	1H FY2020	% Change
Revenue	1,687.2	1,672.4	0.9
Gross profit	137.1	99.2	38.2
Profit (loss) attributable to owners of the Company	22.4	(55.8)	NM
Basic earnings (loss) per share (HK cents)*	26.28	(65.51)	NM
NAV per share (HK cents) ⁺	708.59 (as at 30 Sep 2020)	669.79 (as at 31 Mar 2020)	5.8

* Basic earnings (loss) per share was computed based on 85,207,049 weighted average number of shares in both 1H FY2021 and 1H FY2020.

⁺ NAV was computed based on 85,207,049 ordinary shares as at both 30 September 2020 and 31 March 2020.

NM denotes not meaningful.

SINGAPORE – 12 November 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 back in the black with a net attributable profit of HK\$22.4 million for the six months ended 30 September 2020 (“**1H FY2021**”) reversing a net attributable loss of HK\$55.8 million in the previous corresponding six months in 2019 (“**1H FY2020**”).

The stellar bottom-line performance was on the back of a modest 0.9% year-on-year (“**YOY**”) uptick in revenue to HK\$1,687.2 million as sales achieved by its top three segments rebounded strongly following the gradual resumption of business activities in China after its imposed COVID-19 lockdown (from January to April 2020) was lifted. Likewise, the Group also benefitted from the recovery in the export market as countries all over the world slowly emerged from lockdown conditions from June 2020.

Gross profit rose in tandem to HK\$137.1 million in 1H FY2021 from HK\$99.2 million in 1H FY2020, with gross profit margin increasing 2.2 percentage points to 8.1% over the same period mainly due to higher revenue from the market segments that required our value added services, the significant decrease in clearance of problem stocks and a reversal of stock provision.

Segmental review

Boosted by an increase in both domestic and export demand, WAE's **Industrial** segment, which is the Group's top revenue generator contributing 29.0% of total sales, achieved 7.5% YOY revenue growth to HK\$489.9 million in 1H FY2021. The segment benefitted from the work-from-home mandate ordered by many countries to combat the spread of the virus. As more people stayed at home, demand rose for consumer electronics products such as power supply, and DIY tools, motor application and LCD modules as well as small home gadgets. During this period, more new applications were also created to cater to this trend.

Likewise, the Group's second largest revenue contributing segment, **Home Appliance**, also benefitted from higher demand from home-bound consumers who bought more household products during this time. In addition, this segment is also supported by the Chinese government's economic and business support policies, which aim to stimulate domestic consumption by encouraging consumers to replace and upgrade their home appliances with energy saving ones. The segment achieved YOY revenue growth of 4.2% to HK\$317.5 million in 1H FY2021.

WAE's third largest sales generating segment, **Automotive**, achieved the strongest YOY revenue growth of 18.5% to HK\$293.7 million, benefitting from total unit car sales as well as the increase in electronic content per car in line with the trend for smarter and safer onboard systems and higher energy efficiency. The automotive industry has been identified as a growth driver by the Chinese government and enjoys strong support from its economic and business support policies.

Other segments that benefitted from the resumption of business activities in China included the Group's Electronic Manufacturing Services (up 14.6% YOY), Lighting (up 12.8% YOY) and Others (up 10.3% YOY) segments, which all achieved double-digit growth, while its Dealer segment was down 24.6% YOY due to dealers not investing in stocking programmes and Telecommunications was down 32.7% YOY due to the delayed progress in the 5G handphone market.

Willas-Array's Chairman, Mr Lawrence Leung, said: *"Many of our business segments benefitted greatly from the Chinese government's economic and business support policies to drive domestic demand and economic recovery. We are very pleased with our healthy results despite the challenges presented by the COVID-19 pandemic. We attribute this to our ongoing investment in growth market segments including Industrial, Home Appliance and Automotive, and our careful inventory management and supplier network, which enabled us to respond quickly to the surge in demand for electronics components once the business rebounded.*

"Our commitment to provide value-added services to our customers also worked to our advantage as we were able to assist in creating new applications in line with new trends that had emerged from this pandemic. As such, we intend to continue putting our resources in enhancing our value-added services to help our customers to capture opportunities in the new normal and achieve sustainable growth for ourselves."

The Group's net asset value per share came in at 708.59 HK cents as at 30 September 2020 as compared to 669.79 HK cents as at 31 March 2020. Earnings per share in 1H FY2021 was 26.28 HK cents as compared to a loss per share of 65.51 Hong Kong cents in 1H FY2020.

As at 30 September 2020, the Group had a working capital of HK\$341.2 million, which included a cash balance of HK\$249.2 million, compared to a working capital of HK\$302.0 million, which included a cash balance of HK\$264.8 million as at 31 March 2020. The decrease in cash was mainly due to the net effect of cash outflows of HK\$51.8 million in financing activities and cash inflow of HK\$33.0 million generated from operating activities. Net gearing ratio improved to 61.4% as at 30 September 2020 (31 March 2020: 70.8%) mainly due to a decrease in trust receipt loans and an increase in shareholders' equity.

Outlook

With China's economy growing by 4.9% YOY in the third quarter (July to September) of 2020, accelerating from growth of 3.2% YOY in the second quarter (April to June) of 2020 after the historic contraction of 6.8% YOY in the first quarter (January to March) of 2020, the Group is cautiously optimistic about the next 12 months.

Mr Leung said: *"In view of the Chinese government's economic and business support policies, the Group expects China's economy to be resilient with great potential for growth. However, we are mindful that sentiments from the export market remain cautious as many European countries are experiencing a second wave of the COVID-19 virus and returning to lockdown. The ongoing and deteriorating relations between the US and China may continue to present challenges to trade between the two nations.*

“In unprecedented times like now, we believe our longstanding prudence in managing our resources and expenses. This will ensure that our operations remain sustainable to tide over the uncertain business environment and sustaining a healthy liquidity position in order to support the long-term growth.”

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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