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

FOR IMMEDIATE RELEASE

Willas-Array reverses previous year's loss to achieve net profit of HK$92.5 million in FY2021

- *Group revenue in FY2021 rose 12.1% YOY due to higher sales from its top three segments – Industrial, Home Appliance and Automotive.*
- *Driven by the accelerated development of electric vehicles, Automotive segment was star performer in FY2021, surging 31.0% YOY.*
- *Recommends final dividend of HK33.0 cents per ordinary share for FY2021, subject to shareholders' approval.*
- *Group is optimistic that China's strong post-COVID-19 GDP recovery and focus on domestic consumption will bode well for its business.*

Financial Highlights in HK$'m	**12 months ended 31 March**		
	FY2021	**FY2020**	**% Change**
Revenue	**3,557.9**	**3,175.3**	12.1
Gross profit	**333.6**	**206.2**	61.8
Profit (loss) attributable to owners of the Company	**92.5**	**(72.6)**	NM
Basic earnings (loss) per share (HK cents)*	**108.54**	**(85.15)**	NM
NAV per share (HK cents)+	806.39 (as at 31 Mar 2021)	669.79 (as at 31 Mar 2020)	20.4

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

+ NAV was computed based on 85,207,049 ordinary shares as at 31 March 2021 and as at 31 March 2020.

NM denotes not meaningful.

SINGAPORE – 28 May 2021 – 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, has turned its loss from the previous financial year ended 31 March 2020 ("**FY2020**") and is back in the black with net attributable profit of HK$92.5 million on the back of HK$3,557.9 million in sales.

WAE's gross profit margin ("**GPM**") rose from 6.5% in FY2020 to 9.4% in FY2021 mainly due to higher revenue from the segments that required its value-added services. Other contributors to the GPM improvement included the significant decrease in clearance of buffer stocks and a reversal of stock provision over the period under review.

Performance Review

The 12.1% year-on-year ("**YOY**") increase in sales was driven by the strong performance of its top three revenue generators – Industrial, Home Appliance and Automotive, which collectively contribute more than half of the Group's total annual revenue.

The Automotive segment was the Group's star performer this financial year, achieving a stellar 31.0% YOY leap in revenue to HK$636.4 million in FY2021. The growth was mainly due to the increasing electronic content in vehicles and therefore the need for more electronic components. The segment also enjoys favourable economic and business support policies as it had been identified by the Chinese government as a key driver of China's economic growth.

Both the Group's Industrial and the Home Appliance segments benefitted from the new norms that emerged from the COVID-19 pandemic that led to more people staying at home and working remotely. The Industrial segment's revenue expanded 19.3% YOY to HK$1,049.7 million in FY2021 due to higher demand for electronic components as consumers were purchasing more communications equipment, consumer electronic goods and DIY tools. Likewise, the Home Appliance segment saw more consumer demand for home appliances over the same period, with revenue increasing 3.0% YOY to HK$662.8 million.

Except for the Dealer segment, which declined 8.6% in revenue YOY due to restocking challenges under the current supply-demand dynamics for chips, and the Telecommunications segment, which continued to be affected by the delay in the 5G launch, the Group's remaining segments, namely Audio and Video (up 18.9%), Electronic Manufacturing Services (up 11.9%), Lighting (up 19.2%) and Others (up 24.4%), all achieved double-digit revenue growth.

Willas-Array's Chairman, Mr Lawrence Leung, said: *"With the current focus on climate change, the need to achieve carbon neutrality through power saving and energy efficiency equipment, appliances, electronic goods and even electric vehicles has led to new* *applications being created for electronic components. The demand is very strong as can be seen from the global shortage in chips.*

"WAE intends to capitalise on these trends and seize these opportunities. I believe we are in a strong position to do so given our longstanding supplier and customer partnerships and our track record for working closely with our partners to develop new applications that will achieve mutual goals."

As at 31 March 2021, the Group had a working capital of HK$423.3 million, which included a cash balance of HK$216.9 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 of HK$47.9 million was primarily attributable to the net effect of cash outflow of HK$182.3 million in financing activities and cash inflow of HK$129.7 million generated from operating activities. Net gearing ratio as at 31 March 2021 was 39.6% as compared to 70.8% as at 31 March 2020 due to a decrease in trust receipt loans and bank borrowings and an increase in shareholders' equity.

In light of its good performance, the Board of directors has recommended a final dividend of HK33.0 cents per ordinary share for FY2021 (FY2020: nil), which will be payable on 27 August 2021, subject to the approval of shareholders at the upcoming Annual General Meeting in July 2021.

Outlook

The Group is cautiously optimistic that its main market of China to be resilient and to continue its strong recovery. Having taken quick control of the COVID-19 outbreak, China was one of the first countries to resume economic and business activities and achieved full-year GDP growth of 2.3% in 2020 despite the pandemic. The growth momentum continued into the first three months of 2021, with first quarter GDP rebounding 18.3% YOY.

Mr Leung said: *"Despite the positive outlook for our domestic China market, we are mindful that the COVID-19 situation remains fluid as some countries have experienced a resurgence and found new strains of the virus in spite of aggressive vaccination programmes. This could lead to a return to tighter movement control and partial lockdowns, which will in turn affect the global economy at large.*

"As such, the Group remains in belt tightening mode as we brace ourselves to weather the ongoing challenges brought on by the pandemic. We intend to continue building for a sustainable future by investing our resources into key growth sectors while ensuring that we have sufficient funds for working capital needs."

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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, 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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