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

FOR IMMEDIATE RELEASE

Willas-Array posts stellar 1H FY2022 results as key segments outperform

- *Achieves HK$43.5 million in net attributable profit on the back of a 5.8% increase in sales to HK$1,785.9 million.*
- *Top three segments by revenue registered double-digit growth in sales.*
- *Strong performance despite market uncertainties caused by the COVID-19 pandemic.*

Financial Highlights in HK$'m	**6 months ended 30 September**		
	1H FY2022	**1H FY2021**	**% Change**
Revenue	**1,785.9**	1,687.2	5.8
Gross profit	**171.0**	137.1	24.8
Profit attributable to owners of the Company	**43.5**	22.4	94.4
Basic earnings per share (HK cents)*	**51.09**	26.28	94.4
NAV per share (HK cents)+	**831.12** (as at 30 Sep 2021)	806.39 (as at 31 Mar 2021)	3.1

** Basic earnings per share was computed based on 85,207,049 weighted average number of shares in both 1H FY2022 and 1H FY2021.*

+ NAV was computed based on 85,207,049 ordinary shares as at both 30 September 2021 and 31 March 2021.

SINGAPORE – 12 November 2021 – Willas-Array Electronics (Holdings) Limited (**"Willas-Array"**, the **"Group"** or **"WAE"**) has posted a stellar set of results for the six months ended 30 September 2021 ("**1H FY2022**") as key segments performed better.

The Group, which is one of the largest Hong Kong-based distributors of electronics components in the Greater China region, has nearly doubled its net attributable profit to HK$43.5 million, from HK$22.4 million in the previous corresponding six months in 2020 ("**1H FY2021**"). Revenue also improved to HK$1,785.9 million, up 5.8% year-on-year ("**YOY**"), from HK$1,687.2 million.

WAE's higher top-line was driven by several factors, including strong demand for electronic components on the back of increased digitalisation amid the COVID-19 pandemic. Accommodative monetary policies across major economies, as well as the effectiveness of the Chinese government's economic and business support policies, also helped to enhance revenue. These factors, however, were partially offset by a global shortage of semiconductors that led to delays in the supply chain.

The Group's gross profit increased 24.8% to HK$171.0 million in 1H FY2022 from HK$137.1 million in 1H FY2021. This translates to a wider gross profit margin of 9.6% in 1H FY2022 from 8.1% in 1H FY2021, mainly due to the persistent imbalance between the supply and demand of electronics components arising from the global chip shortage.

Segmental review

The **Industrial** segment – which is WAE's largest revenue generator – achieved revenue of HK$553.7 million in 1H FY2022, up 13.0%, from HK$489.9 million in 1H FY2021. This increased the segment's contribution to total revenue to 31.0% in 1H FY2022 from 29.0% in 1H FY2021. The Industrial segment's higher sales were underpinned by strong demand for applications, such as power saving, motors, e-meters and display modules.

The Group's second largest revenue contributing segment, **Home Appliance**, also registered higher revenue of HK$352.5 million in 1H FY2022, up 11.0%, from HK$317.5 million in 1H FY2021. The higher sales were driven by stronger demand from home-bound consumers, who bought more household products during this time. This segment was 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. In addition, the Home Appliance segment benefited from a strong recovery in exports as China took swift control of the COVID-19 pandemic. As a result, the Home Appliance segment's contribution to total revenue increased to 19.7% in 1H FY2022 from 18.8% in 1H FY2021.

Meanwhile, the **Automotive** segment achieved the strongest YOY revenue growth of 19.4% to HK$350.8 million from HK$293.7 million. This increased the segment's contribution to total revenue to about 19.7% in 1H FY2022 from 17.4% in 1H FY2021. The Automotive segment's outperformance can be attributed to the Chinese government's push for the development of new energy vehicles with the aim of achieving carbon neutrality. The Group has been able to meet the production requirements of its key customers in China despite the current shortage of semiconductors due to the support of its key suppliers.

Other segments, however, were mixed. Both Audio and Video, and Others recorded higher YOY revenue growth of 6.9% and 9.6%, respectively. On the other hand, the segments that recorded YOY revenue declines were the Group's Dealer (down 4.0% YOY), Telecommunications (down 8.8% YOY), Electronic Manufacturing Services (down 39.4% YOY) and Lighting (down 6.4% YOY).

Willas-Array's Chairman, Mr Lawrence Leung, said: *"Despite the ongoing challenges presented by the COVID-19 pandemic, we are very pleased with our strong performance. We attribute this to the long-standing relationships and close cooperation forged with our suppliers, which have enabled us to meet the needs of our customers. This is aided by the effectiveness of the Chinese government's economic and business support policies to spur domestic consumption and economic recovery."*

The Group's net asset value per share stood at 831.12 HK cents as at 30 September 2021, compared to 806.39 HK cents as at 31 March 2021. Earnings per share in 1H FY2022 was 51.09 HK cents, compared to 26.28 HK cents in 1H FY2021.

As at 30 September 2021, the Group had a working capital of HK$449.6 million, which included a cash balance of HK$399.4 million, compared to a working capital of HK$423.3 million, which included a cash balance of HK$216.9 million as at 31 March 2021. The increase in cash by HK$182.5 million was primarily due to cash inflow of HK$70.0 million generated from operating activities and cash inflow of HK$114.2 million generated from financing activities. Net gearing ratio decreased to 26.7% as at 30 September 2021 (31 March 2021: 39.6%) mainly due to the increases in cash balance and shareholders' equity.

Outlook

With China's economy growing 4.9% YOY in the third quarter (July to September) of 2021, slowing from the previous quarters amid an energy crunch and global supply chain bottleneck [1], the Group is cautiously optimistic about the next 12 months.

Mr Leung said: *"China's economy is expected to be resilient with great potential for growth as the Chinese government continues to implement its economic and business support policies. Nevertheless, market sentiment could be dampened by rising crude oil prices, coupled with component shortages and surging prices of raw materials. The unresolved tensions between the United States and China may continue to present challenges to trade between the two nations. Moreover, the recent resurgence in COVID-19 cases in China could lead to stricter containment measures, which would be detrimental to recovery.*

"Against this backdrop, we believe our longstanding prudence in managing our resources and expenses will help us to navigate the challenging market environment. We also believe our continued close cooperation with suppliers will enable us to sustain our operations and maintain a healthy liquidity position in order to support our long-term growth."

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[1] *Reuters article "China's economy stumbles on power crunch, property woes' dated 18 October 2021.*

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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