

FOR IMMEDIATE RELEASE

Willas-Array records FY2022 earnings of HK\$82.2 million on the back of HK\$3,425.8 million in sales

- *Topline performance affected by impact of global shortage of semiconductor chips on many of the Group's segments and partially offset by double-digit revenue growth from the Automotive segment.*
- *Remains positive about industry prospects due to rising demand for components for smart home appliances and consumer electronic devices, as well as higher electronic content in vehicles.*
- *Recommends final dividend of HK33.0 cents per ordinary share and special dividend of HK40.0 cents per ordinary share for FY2022, subject to shareholders' approval.*

Financial Highlights in HK\$'m	12 months ended 31 March		
	FY2022	FY2021	% Change
Revenue	3,425.8	3,557.9	-3.7
Gross profit	334.8	333.6	+0.4
Gross profit margin (%)	9.8	9.4	+0.4% pt
Profit attributable to owners of the Company	82.2	92.5	-11.1
Basic earnings per share (HK cents)*	96.33	108.54	-11.2
NAV per share (HK cents) ⁺	898.34 (as at 31 Mar 2022)	806.39 (as at 31 Mar 2021)	+11.4

* Basic earnings per share was computed based on 85,325,912 and 85,207,049 weighted average number of ordinary shares in FY2022 and FY2021 respectively.

⁺ NAV was computed based on 85,777,049 and 85,207,049 ordinary shares as at 31 March 2022 and 31 March 2021 respectively.

SINGAPORE – 27 May 2022 – 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 achieved net attributable profit of HK\$82.2 million for the year ended 31 March 2022 (“**FY2022**”), down 11.1% from HK\$92.5 million the year before (“**FY2021**”). This translated to earnings per share of HK96.33 cents, down 11.2% from HK108.54 cents in FY2021.

WAE registered revenue of HK\$3,425.8 million, down 3.7% year-on-year (“**YOY**”) from HK\$3,557.9 million, owing to lower revenue contribution from many of the Group’s

segments. The lower revenue contribution came mainly on the back of persistent imbalance between the supply and demand of electronics components with demand far outstripping supply especially for semiconductor chips. This situation caused gross profit margin to increase from 9.4% in FY2021 to 9.8% in FY2022.

Performance Review

Despite the weaker FY2022 results, the **Automotive** segment was one of the Group's bright spots amid an increase in electronic content in vehicles. The segment contributed higher revenue of HK\$710.8 million in FY2022, up 11.7%, compared to FY2021. This made the Automotive segment the second largest revenue contributor in FY2022, leapfrogging the position previously occupied by the Group's **Home Appliance** segment for the first time.

It was also the first time revenue from the Automotive segment constituted over 20.0% of WAE's total revenue, which affirmed the Group's strategy to focus its resources on this growth segment. Given the substantial growth opportunities in the automotive sector, especially in the development of electric vehicles, the Group will continue to allocate resources to this space.

Although the **Industrial** segment remained the largest revenue contributor to the Group, it recorded revenue of HK\$1,010.4 million in FY2022, down 3.7% as compared to FY2021. This was due to a shortage of components for the segment's applications in power supply, DIY tools, motor application and LCD modules, which could not fulfil the pandemic-led demand for consumer electronics products and small home appliances arising from the stay-at-home lifestyle.

The **Home Appliance** and **Audio and Video** segments contributed marginally lower revenues of HK\$660.8 million and HK\$238.9 million, respectively. This was due to the inability of both segments to cope with the escalating demand given the global shortage of components.

Likewise, the **Dealer, Telecommunications, EMS** and **Lighting** segments were impacted by the global shortage of components. These segments registered double-digit revenue declines as other key growth industries were prioritised and allocated semiconductor chips ahead of them. WAE will strive to allocate resources to meet the requirements of these segments. However, the Group believes a meaningful improvement can only be achieved by an improvement in the demand-supply balance.

Willas-Array's Chairman, Mr Lawrence Leung, said: *"With the global shortage of semiconductor chips, many companies – including us – faced difficulties in obtaining*

sufficient supply to meet the strong demand. However, our strong relationship with our suppliers enabled us to fulfill the minimum requirements of our customers.

“As the situation is not expected to ease soon, we will continue to work closely with our suppliers to ensure minimal disruption to our customers. We will also strive to develop new applications in collaboration with our partners so that our mutual goals can be achieved.”

As at 31 March 2022, the Group had a working capital of HK\$499.4 million, which included a cash balance of HK\$327.7 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 of HK\$110.8 million was primarily attributable to the net effect of cash inflow of HK\$149.4 million generated from financing activities and cash outflow of HK\$35.6 million used in operating activities. Net gearing ratio as at 31 March 2022 was 37.0% as compared to 39.6% as at 31 March 2021 due to the increase in both cash balance and shareholders' equity.

Proposed Dividend

The Board of directors has recommended a final dividend of HK33.0 cents per ordinary share for FY2022 (FY2021: HK33.0 cents per share) and a special dividend of HK40.0 cents per ordinary share for FY2022 in celebration of Willas-Array's 40th anniversary this year (FY2021: nil), subject to the approval of shareholders at the upcoming Annual General Meeting.

Outlook

The Group expects the next 12 months to remain challenging as the resurgence of the COVID-19 pandemic in China and the country's strict zero-COVID-19 policy has resulted in lockdowns in various cities since March 2022. This has led to major logistical issues and exacerbated supply chain disruptions due to production delays. Against this backdrop, China's GDP growth is widely expected to slow to 5.0% in 2022¹.

Compounding the situation is the geopolitical conflict in Eastern Europe and the ongoing trade tensions between the US and China, which have led to poor consumer sentiment and rising inflation, and driven up the Group's operating costs.

Nevertheless, WAE believes the growth prospects of the components industry remain strong because of the rising demand for smart home appliances and consumer electronic devices as well as the increasing electronic content in vehicles. The Group is also

¹ Source: Reuters article, "China's GDP growth seen slowing to 5.0% in 2022 on COVID hit", 14 April 2022.

optimistic that the Chinese government will put in place the necessary measures to support the country's ongoing economic growth.

Mr Leung said: *“The Group will remain prudent in managing its resources and expenses as we brace ourselves to weather the ongoing challenges. 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. This will ensure that our operations remain sustainable to tide over the uncertain business environment and maintaining a healthy liquidity position that will support our long-term growth.”*

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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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