

FOR IMMEDIATE RELEASE

Willas-Array returns to profit with earnings of HK\$7.1 million in 1Q FY2021

<i>Financial Highlights in HK\$'m</i>	3 months ended 30 June		
	2020 ("1Q FY2021")	2019 ("1Q FY2020")	% Change
Revenue	761.3	792.2	(3.9)
Gross profit	58.3	54.6	6.8
Profit / (Loss) attributable to owners of the Company	7.1	(24.6)	NM
Basic earnings (loss) per share (HK cents)*	8.33	(28.84)	NM
NAV per share (HK cents) ⁺	678.54 (as at 30 Jun 2020)	669.79 (as at 31 Mar 2020)	1.3

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

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

NM denotes not meaningful.

SINGAPORE – 14 August 2020 – Willas-Array Electronics (Holdings) Limited ("Willas-Array", the "Company", or together with its subsidiaries, the "Group"), one of the largest Hong Kong-based distributors of electronics components in the Greater China region, has reversed the loss recorded in the three months ended 30 June 2019 ("1Q FY2020") to achieve a net attributable profit of HK\$7.1 million for the three months ended 30 June 2020 ("1Q FY2021"). This is despite a marginal 3.9% year-on-year ("YOY") decline in revenue to HK\$761.3 million during the period under review.

The improvement in earnings was mainly due to higher gross profit as no stock provision was required to be made in 1Q FY2021 while a stock provision of HK\$8.3 million was made in 1Q FY2020 to account for slow-moving inventory. In addition, the Group's overall expenses including staff costs and travelling expenses, were also significantly lower due to a reduced average headcount and of the COVID-19 pandemic respectively. Furthermore, there was an absence of an exchange loss arising from the depreciation of the Renminbi in 1Q FY2020.

Of the Group's nine market segments, the Automotive segment was the top performer with a 29.7% YOY increase in revenue to HK\$138.7 million mainly due to a strong rebound from a low base in 1Q FY2020 and also from pent-up demand following the lockdown in China.

The Group also benefitted from the new "work-from-home" norm, which supported sales of personal computers, tablets, set-top boxes and other power-related products and drove up revenue for its Industrial, Electronic Manufacturing Services and Others segments. However this was partially offset by cautious consumer spending in other areas that led to a fall in sales achieved by its Home Appliance, Telecommunications and Audio and Video segments.

Commenting on the 1Q FY2021 results, **Willas-Array's Chairman, Mr Lawrence Leung**, said: *"The Chinese government's decisive response and approach to contain the COVID-19 outbreak including massive testing and swift implementation of lockdown measures enabled the country to gain control quickly. By March 2020, China became one of the first countries to return to normal business activity, which benefitted our Group especially our Automotive segment because the industry had resumed production by April 2020 and started to replenish stocks of electronic components by May 2020. With government policy expected to continue supporting this industry, we believe it will continue on its growth trajectory."*

Willas-Array's main market of China had avoided a recession, recording a GDP growth of 3.2% YOY in the second quarter (April to June) of 2020, after a historic contraction of 6.8% YOY contraction at the height of the COVID-19 outbreak in the first quarter (January to March) of 2020. However, the Group expects the remaining quarters of this financial year to be challenging.

Mr Leung said: *"Although we expect China's economy to continue gaining traction in the second half of the year, we believe that there will be many challenges ahead because global sentiment and consumer confidence has been severely impacted by the fallout from COVID-19. In addition, tensions between China and the US have escalated in recent months, which will also have an impact on China's export market."*

“Under such circumstances, the Group will continue to drive productivity and sales through an extensive network of customers and suppliers and increase its belt-tightening measures to ensure that our operations remain sustainable and we are able to tide over the uncertain business environment.”

As at 30 June 2020, the Group maintain a healthy financial position with a working capital of HK\$316.0 million (as at 31 March 2020: HK\$302.0 million), which included a cash balance of HK\$213.8 million (as at 31 March 2020: HK\$264.8 million).

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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