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WILLAS-ARRAY ELECTRONICS (HOLDINGS) LIMITED

威雅利電子(集團)有限公司

(Incorporated in Bermuda with limited liability)

(Hong Kong stock code: 854)

(Singapore stock code: BDR)

PROFIT WARNING

This announcement is made by Willas-Array Electronics (Holdings) Limited (the “Company” and, together with its subsidiaries, the “Group”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “HK Listing Rules”) and the Inside Information Provisions (as defined in the HK Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as well as in accordance with Rule 703 of the Listing Manual of Singapore Exchange Securities Trading Limited.

The board of directors of the Company (the “Board”) wishes to inform the shareholders and potential investors of the Company that, based on the Board’s preliminary assessment of the unaudited consolidated management accounts of the Group for the eleven months ended February 28, 2023 (the “Current Period”) (the “Unaudited Management Accounts”), the Group recorded a consolidated net loss of approximately HK\$0.2 million for the Current Period as compared to a consolidated net profit of approximately HK\$73.3 million for the eleven months ended February 28, 2022 (the “Last Period”). The Group is expected to record a slight loss or achieve break-even for the year ending March 31, 2023 (“FY2023”) as compared with a consolidated net profit of approximately HK\$82.2 million for the year ended March 31, 2022.

The consolidated net loss for the Current Period is mainly attributable to:

- (i) a decrease in sales in the Current Period which was mainly attributable to (a) the weak export market as a result of inflation and rising interest rate in the US and European markets and (b) the adverse impact on domestic demand and factories’ operations in mainland China caused by the abrupt reversal of its zero-COVID policy, which has caused a surge in COVID infections during late 2022 and early 2023;

- (ii) a drop in gross profit margin in the Current Period, as the global semiconductor shortage has generally abated in mid-2022 and suppliers started to compete for market share;
- (iii) an exchange loss of approximately HK\$29.6 million arising from the depreciation of the Renminbi in the Current Period as compared to an exchange gain of approximately HK\$3.9 million arising from the appreciation of the Renminbi in the Last Period; and
- (iv) an increase in finance costs mainly due to (a) higher average trust receipt loans and (b) rising weighted average effective interest rate in the Current Period as compared to the Last Period.

The information contained in this announcement is solely based on the information currently available to the Board and the Board's preliminary assessment of the Unaudited Management Accounts, which has neither been reviewed by the audit committee of the Company, nor audited by the external auditors of the Company. Details of the audited full year financial results of the Group for FY2023 (the "Annual Results") are expected to be published in end-May 2023. Shareholders are advised to read the Company's announcement of the Annual Results in detail once it is available.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company and, in case of doubt, to seek independent advice from professional or financial advisers.

By Order of the Board
Willas-Array Electronics (Holdings) Limited
Leung Chi Hang Daniel
Chairman and Executive Director

Hong Kong/Singapore, March 13, 2023

As at the date of this announcement, the Board comprises three Executive Directors, namely Leung Chi Hang Daniel (Chairman), Hon Kar Chun (Managing Director) and Leung Hon Shing; and three Independent Non-executive Directors, namely Lim Lee Meng, Tang Wai Loong Kenneth and Tong Kai Cheong.

In the case of inconsistency, the English text of this announcement shall prevail over the Chinese text.