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WILLAS-ARRAY
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 year ended March 31, 2024 (“**FY2024**” and the “**Unaudited Management Accounts**”, respectively), it is expected that the Group is likely to record a consolidated net loss of approximately in the range between HK\$160.0 million to HK\$190.0 million for FY2024 as compared to a consolidated net profit of approximately HK\$2.7 million for the year ended March 31, 2023 (“**FY2023**”).

The expected consolidated net loss for FY2024 was mainly attributable to: (i) a decline in sales revenue of the Group as a result of the weak demand, strong inflation and continuous interest rate increase in FY2024; (ii) a decrease in gross margin due to severe price competition in the overall electronic components market, which has exerted pressure on our product margin; (iii) an increase in stock provision made for the slow-moving inventories due to a slowdown of market demand in FY2024 as compared to FY2023 where there was reversal of allowance for inventory; (iv) net impairment losses recognised under expected credit loss on trade receivables in FY2024 as compared to FY2023 where there was reversal of impairment losses; and (v) an increase in finance costs mainly due to rising weighted average effective interest rate in FY2024 as compared to FY2023.

The Company is in the process of preparing and finalising the Group's unaudited financial results for FY2024 (the "**Annual Results**"). 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 or finalised by the audit committee of the Company, nor reviewed or audited by the external auditors of the Company and may be subjected to adjustments. The Board expects that the announcement of the Annual Results to be published on or before the end of June 2024. Shareholders are advised to read the Company's announcement of the Annual Results in detail once it is available.

IMPLICATIONS UNDER THE TAKEOVERS CODE

Reference is made to the announcement jointly published by the Company and Texin (Hong Kong) Electronics Co. Limited on 2 February 2024 (the "**Joint Announcement**"), 22 February 2024 and 22 March 2024. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Joint Announcement.

Following the publication of the Joint Announcement, the profit estimate included in this announcement (the "**Profit Warning**") constitutes a profit forecast under Rule 10 of the Code on Takeovers and Mergers of Hong Kong (the "**Takeovers Code**") and is required to be reported on by the Company's auditors or accountants and its financial advisers. Taking into account (i) the practical difficulties in terms of the additional time required for the preparation of the reports by the Company's auditors and financial advisers; and (ii) the requirements for timely disclosures of inside information under Rule 13.09 of the Listing Rules and Part XIVA of the SFO, the Profit Warning does not meet the standard required by Rule 10 of the Takeovers Code.

Under Rule 10.4 of the Takeovers Code, if the Profit Warning is published first in an announcement, it must be repeated in full, together with the reports from the Company's financial advisers and auditors or accountants on the Profit Warning, in the next document to be despatched to the Shareholders (the "**Shareholders' Document**"). However, if the audited annual results of the Company for FY2024 (which fall within the ambit of Rule 10.9 of the Takeovers Code) are published prior to the despatch of the next Shareholders' Document and the relevant results together with the notes to the financial statements are incorporated by reference in the next Shareholders' Document, the requirements to report on the Profit Warning under Rule 10.4 of the Takeovers Code will no longer apply.

The Company would like to draw the attention of the Shareholders and potential investors of the Company that the Profit Warning does not meet the standard required by Rule 10 of the Takeovers Code and has not been reported on in accordance with the Takeovers Code, and thus they are advised to exercise caution in placing reliance on the Profit Warning in assessing the merits and demerits of the Offers (as defined in the Joint Announcement). 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
Xie Lishu
Chairman and Non-executive Director

Hong Kong/Singapore, May 27, 2024

As at the date of this announcement, the Board comprises two Non-executive Directors, namely Xie Lishu (Chairman) and Huang Shaoli; one Executive Director, namely Fan Qinsheng; and four Independent Non-executive Directors, namely Chong Eng Wee, Lau Chin Huat, Tso Sze Wai and Jiang Maolin.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement contained in this announcement misleading.

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