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**HIGHWAY HOLDINGS REPORTS FISCAL 2019
FOURTH QUARTER AND YEAR-END RESULTS**

HONG KONG —July 2, 2019 — Highway Holdings Limited (**Nasdaq: HIHO**) today reported results for its fiscal fourth quarter and year ended March 31, 2019 – reflecting the impact of lower orders from certain customers experiencing soft product demand and the loss of business due to continued inflationary pressures in China.

Net loss for the fiscal fourth quarter was \$186,000, or \$0.05 per diluted share, compared with net income of \$742,000, or \$0.20 per diluted share, in the same quarter a year ago. Net sales for the same period were \$3.8 million compared with \$4.2 million a year ago.

Net loss for fiscal 2019 was \$630,000, or \$0.17 per share, compared with net income of \$1,550,000, or \$0.41 per diluted share, a year earlier. Net sales for fiscal 2019 were \$14.3 million compared with \$19.2 million a year ago.

The sales decrease for fiscal 2019 reflects sharply reduced orders from two of the company’s major customers – including a year-over-year sales reduction of approximately 30 percent from one customer alone.

“We remain cautiously optimistic that business will improve in the future -- supported by ongoing pro-active strategic initiatives, particularly the increasing utilization of our Myanmar complex and the expected cost-savings and competitive advantage it provides for the long term. In the short term, we will not realize all the benefits from the favorable labor cost savings derived from our emerging Myanmar operation because these savings are being passed through to our customers, which contributes to lower pricing and lower sales turnover. Nonetheless, our ability to offer lower cost manufacturing in Myanmar is a benefit to customers seeking an increasingly attractive alternative to the inflationary trends in China. Furthermore, an escalating trade war between the United States and China enhances the appeal of our expanding capacity and manufacturing capabilities in Myanmar,” said Roland Kohl, chairman, president and chief executive officer of Highway Holdings.

(more)

Gross profit margin for fiscal 2019 was 25 percent compared with 35 percent a year earlier, due to increasing manufacturing costs related to the sharp reduction in sales and lower overhead absorption.

Selling, general and administrative expenses decreased to \$1.1 million from \$1.3 million, and \$4.3 million from \$4.8 million for the fiscal fourth quarter and 12-month period, respectively, on a year-over-year basis -- despite cost increases related to the relocation of machinery and equipment from China to the company's operation in Myanmar.

Currency exchange rates slightly affected the company's net loss for fiscal 2019. The company realized a small currency exchange loss in fiscal 2019 of \$8,000 compared with a currency exchange gain of \$63,000 a year ago, mainly due to the weakening of the RMB. The company does not undertake any currency hedging transactions.

Kohl noted the company's balance sheet remains strong, despite the losses. Total current assets at March 31, 2019 were \$13.4 million, with working capital of \$8.3 million and a current ratio of 2.6:1. Total cash was \$8.8 million after a long-term rental prepayment of \$950,000 in Myanmar and a cash outlay for constructing an additional factory and an office building at the company's Myanmar complex. Cash on hand totaled \$2.32 per diluted share, exceeding all current and long-term liabilities combined by \$3.7 million.

Kohl highlighted the company's total equity of \$10 million at March 31, 2019 -- representing approximately \$2.67 per diluted share.

About Highway Holdings

Highway Holdings produces a wide variety of high-quality products for blue chip original equipment manufacturers -- from simple parts and components to sub-assemblies and finished products. Highway Holdings' administrative offices are in Hong Kong, with manufacturing and assembly facilities located in Shenzhen in the People's Republic of China and in Yangon, Myanmar.

Except for the historical information contained herein, the matters discussed in this press release are forward-looking statements, including but not limited to the Company's ability to maintain lower costs at the Myanmar facility, the effects of lower costs in Myanmar on customer retention, the Company's ability to streamline its operations through robotics and automation, the timing of future business, and the Company's growth prospects. These forward-looking statements involve numerous risks and uncertainties, including economic, competitive, governmental, political and technological factors affecting the company's revenues, operations, markets, products and prices, and other factors discussed in the company's various filings with the Securities and Exchange Commission, including without limitation, the company's annual reports on Form 20-F. The forward-looking statements are made only as of the date of this press release and the Company undertakes no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstance.

(Financial Tables Follow)

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HIGHWAY HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Statement of Income

(Dollars in thousands, except per share data)

	Three Months Ended		Year Ended	
	March 31, (Unaudited)		March 31, (Audited)	
	2019	2018	2019	2018
Net sales	\$3,782	\$4,177	\$14,277	\$19,166
Cost of sales	2,956	2,012	10,697	12,424
Gross profit	826	2,165	3,580	6,742
Selling, general and administrative expenses	1,057	1,276	4,335	4,804
Operating (loss)/income	(231)	889	(755)	1,938
Non-operating items				
Exchange gain/(loss), net	13	72	(8)	63
Interest income	16	4	33	16
Gain/(Loss) on disposal of assets	-	2	28	50
Other income / (expenses)	-	5	8	5
Total non-operating income / (expenses)	29	83	61	134
Share of profits (loss) of equity investee	-	-	-	-
Net (loss)/income before income tax and non-controlling Interest	(202)	972	(694)	2,072
Income taxes	26	(244)	26	(512)
Net (loss)/income before non-controlling interests	(176)	728	(668)	1,560
Less: Net gain / (loss) attributable to non-controlling Interests	10	(14)	(38)	10
Net (loss)/income attributable to Highway Holdings Limited shareholders	(\$186)	\$742	(\$630)	\$1,550
Net income/(loss) per share:				
Basic	(\$0.05)	\$0.20	(\$0.17)	\$0.41
Diluted	(\$0.05)	\$0.20	(\$0.17)	\$0.41
Weighted average number of shares outstanding:				
Basic	3,802	3,802	3,802	3,802
Diluted	3,802	3,802	3,802	3,802

HIGHWAY HOLDINGS LIMITED AND SUBSIDIARIES**Consolidated Balance Sheet**

(In thousands, except per share data)

	March 31,	March 31,
	2019	2018
<u>Current assets:</u>		
Cash and cash equivalents	\$8,827	\$11,267
Accounts receivable, net of doubtful accounts	2,264	2,223
Inventories	1,539	2,933
Prepaid expenses and other current assets	722	749
Total current assets	<u>13,352</u>	<u>17,172</u>
Property, plant and equipment, (net)	886	770
Goodwill	-	77
Long-term deposits	66	111
Long-term loan receivable	75	-
Long-term rental prepayment	871	-
Investments in equity method investees	-	-
Total assets	<u>\$15,250</u>	<u>\$18,130</u>
<u>Current liabilities:</u>		
Accounts payable	\$1,161	\$900
Accrual expenses and other liabilities	2,989	3,982
Income tax payable	602	803
Dividend payable	329	623
Total current liabilities	<u>5,081</u>	<u>6,308</u>
<u>Long term liabilities:</u>		
Deferred income taxes	32	32
Total liabilities	<u>5,113</u>	<u>6,340</u>
<u>Shareholders' equity:</u>		
Common shares, \$0.01 par value	38	38
Additional paid-in capital	11,370	11,370
Retained earnings	(1,233)	347
Accumulated other comprehensive (loss)/income	(35)	-
Treasury shares, at cost – 5,049 shares as of March 31, 2019 and 2018, respectively	(14)	(14)
Non-controlling interest	11	49
Total equity	<u>10,137</u>	<u>11,790</u>
Total liabilities and shareholders' equity	<u>\$15,250</u>	<u>\$18,130</u>