



**FOR IMMEDIATE RELEASE**

*For more information, please contact:*

August Consulting Pte Ltd

Karen Ting, karen@august.com.sg

Giselle Lau, giselle@august.com.sg

Tel: 65 6733 8873

**Willas-Array achieves 31% rise in interim revenue  
to HK\$809.6 million**

- *Growth bolstered by increased penetration into China with expanded customer base, territorial coverage and product segments*
  - *Group to focus on China market for growth*

<b>Financial Highlights HK\$m</b>	<b>6 months ended 30 Sept 2003</b>	<b>6 months ended 30 Sept 2002</b>	<b>% Change</b>
<b>Revenue</b>	809.6	616.7	31
<b>Profit Before Tax</b>	21.4	19.2	11
<b>Net Attributable Profit</b>	17.0	15.4	11

**Singapore – 28 November 2003** – Mainboard-listed **Willas-Array Electronics (Holdings) Limited** (“Willas-Array”), one of the largest Hong Kong-based distributors of electronics components in the Asia Pacific region, announced today that revenue rose 31% to HK\$809.6 million for the 6 months ended 30 September 2003, boosted by a strong performance in the Group’s China market, as well as increased business volume from the gradual increase in demand for electronic components.

Correspondingly, net attributable profit advanced 11% to HK\$17.0 million as compared to HK\$15.4 million achieved in previous year.

Based on weighted average of shares, earnings per share rose to 6.4 HK cents from 5.78 HK cents previously, while net asset per share rose to 88.96 HK cents from 87.07 HK cents. The Directors have not proposed an interim dividend.

Commenting on the latest set of results, Executive Chairman, Mr Lawrence Leung said, “Against the backdrop of weak economic sentiment brought on by the SARS outbreak, the post US-Iraq war and the threat of terrorism, we managed to deliver a good level of profitability. This commendable result comes about because we have consciously built the business on a sound strategic footing. Over the years, we have initiated efforts to increase the depth and breadth of our penetration particularly in strategic markets like China and South Korea, and have made the necessary infrastructure investments that continuously add to the momentum of growth. Our initiatives are clearly bearing fruit.”

The sturdy interim results, amidst the challenging business environment, give credence to the Group’s carefully planned expansion scheme to build the scale and scope of the business. In the period under review, Willas-Array’s China market posted a surge in sales growth of 63% to HK\$225.1 million, compared to HK\$137.8 million in the previous period. This increase in sales volume from China was achieved on the back of a broadened customer base, and an expanded territorial coverage and product segment. Willas-Array’s South Korean market, which is still in its infancy stage, has seen orders picking up since the start of the current financial year.

During the period under review, the higher revenue was offset partially by lower gross profit margins of 10.5%, compared to 13.1% in the previous period. Commenting on the gross margins decline, Mr Leung said, “In penetrating markets and expanding customer base to increase the scale of our business, we adopted a competitive pricing strategy which affected gross profit margins. However, we expect this impact to be short-lived as we should reap greater cost savings and economies of scale with higher volumes achieved.”

On the operating expenses front, distribution costs and administrative expenses increased by 15% to HK\$69.9 million for the period under review. Higher sales incentives to boost sales coupled with higher transportation charges which corresponded to the increased sales volume led to the rise in distribution costs. The higher administrative expenses were attributable to the increased staff strength and training costs resulting from the expansion scheme in China, and the upgrading of the Group’s IT infrastructure. Willas-Array is in the process of installing the SAP computer system which will empower suppliers, customers and partners to link up with the Group’s operations for real-time information accessibility. The IT initiatives support the Group’s expansion roadmap in China and South Korea and will undoubtedly strengthen its efficiencies to meet the expected increase in business volume.

### ***Outlook***

On the outlook for the next six months, Mr Leung takes a confident yet cautious stand, “Our positive results for the first six months were very encouraging. On the whole, I am confident that our expansion strategy will deliver improved value to our shareholders. However, Willas-Array will experience a challenging next six months as the recent sharp increase in Japanese Yen against the Hong Kong dollar will put fresh pressure on gross margins. Nevertheless, the management has put in place measures to keep the negative effect to a minimum.”

In line with the gradual recovery of the global economy, the electronics industry is expected to improve. Looking ahead, the Group continues to see China as the market with the greatest growth potential.

“We have experienced good growth in China due in no small part to the increased migration of contract manufacturing operations to China. Indeed, as China continues to establish itself as a manufacturing hub, we will continue to see more and more electronics companies moving their manufacturing capabilities there. Our current presence in Beijing, Guangzhou, Shanghai, Shenzhen, Qingdao and Xiamen will serve as a springboard in our efforts to further penetrate the market and drive the demand for our products,” said Mr Leung.

### ***About Willas-Array Electronics (Holdings) Limited***

*Established since the early 1980s and has been listed on the Singapore Stock Exchange since 2001, Hong Kong-based Willas-Array is principally engaged in the distribution of active and passive electronic components for use in the audio/video, telecommunications, industrial, consumer and computer segments. Backed by long-standing relationships with over 20 reputable Principals, Willas-Array carries a wide product mix, distributing and marketing in excess of 10,000 product items which cater to over 2,000 active customers. Its main markets are in Hong Kong and China.*

In China, Willas-Array has established a network of offices strategically located in Beijing, Guangzhou, Shanghai, Shenzhen, Qingdao, Xiamen as well as an Application and Development Division in Guangzhou. It has subsidiaries in the Free Trade Zones in Shanghai and Shenzhen, both of which serve as logistics centres for the Group in North and South China. In South Korea, Willas-Array has two joint ventures, which commenced operations in May 2002 and March 2003 respectively.