WILLAS-ARRAY™
威雅利電子(集團)有限公司
Willas-Array Electronics (Holdings) Limited

FOR IMMEDIATE RELEASE

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Willas-Array achieves net profit of HK$14.6 million in 1H FY2017

Financial Highlights in HK$'m	**6 months ended 30 September**		
	1H FY2017	**1H FY2016**	**% Change**
Continuing operations:			
Revenue	2,069.9	1,874.8	10.4
Gross profit	153.8	172.0	(10.6)
Net profit (loss) attributable to shareholders:			
- Continuing operations	16.4	(39.9)	141.1
- Discontinued operations	(1.8)	0.7	NM
Total net attributable profit	**14.6**	**(39.2)**	**137.2**
Basic earnings (loss) per share (HK cents)*	19.30	(52.02)	137.1
NAV per share (HK cents)+	742.22 (as at 30 Sept 2016)	735.39 (as at 31 Mar 2016)	0.9

* Basic *earnings per share was computed based on 75,505,960 and 75,397,862 weighted average number of shares in 1H FY2017 and 1H FY2016 respectively.*
+ *NAV was computed based on 75,505,960 ordinary shares as at 30 September 2016 and 75,505,960 ordinary shares as at 31 March 2016.*
NM: Not meaningful

SINGAPORE – 11 November 2016 – Willas-Array Electronics (Holdings) Limited (**"Willas-Array"** or the **"Group"**), one of the largest Hong Kong-based distributors of electronics components in the Asia Pacific region, reported its net attributable profit of HK$14.6 million on the back of HK$2,069.9 million in revenue for the six months ended 30 September 2016 ("**1H FY2017**").

This was a 10.4% increase in revenue and a 137.2% jump in net attributable profit as compared with the corresponding six months in 2015 ("**1H FY2016**"). The year-on-year

("**YOY**") leap in the 1H FY2017 bottom line was mainly due to the absence of a HK$19.2 million share of loss of associates and a HK$45.0 million impairment loss recognized in respect of interests in associates, which were recorded in 1H FY2016 in relation to the termination of its agreement with an electronic components manufacturer.

Willas-Array's Chairman, Mr Lawrence Leung, said: *"With matters related to the associated company behind us, we were able to give our full attention to growing our core business segments. I am very pleased at what we have achieved at half-time and I am cautiously optimistic that our strategic focus on China's growth industries will continue to keep the Group healthy over the next six months."*

DISCONTINUED OPERATIONS

On 4 November 2016, the Group entered into a sale and purchase agreement to dispose of its wholly-owned subsidiary Noblehigh Enterprises Inc. and its subsidiaries (together "**Noblehigh**") to a third party for a cash consideration for HK$0.9 million. Noblehigh's primary business is the design and trading of integrated circuits for the audio equipment market.

Mr Leung said: *"Although Noblehigh had a number of proposed projects in the pipeline, these had long development periods and required huge upfront investment in R&D, while at the same time we are facing a fast shrinking audio equipment market. As such, our Board of Directors was not comfortable devoting more resources into this field and decided to exit from it."*

Noblehigh's contribution to WAE's 1H FY2017 was classified as net attributable loss from discontinued operations of HK$1.8 million, which meant that the Group's net attributable profit from continuing operations was HK$16.4 million. This compared with net attributable loss of HK$39.9 million from continuing operations in 1H FY2016.

"We are confident of our decision to focus and devote more effort to our continuing businesses, many of which are in line with China's new focus on consumption and services," added Mr Leung.

BUSINESS REVIEW

The Group's improved topline amidst the tough economic climate was support by strong double digit growth generated by its Telecommunications, Industrial and Automotive segments.

The **Telecommunications** segment was the largest revenue generator growing 13.4% YOY to HK$586.1 million in 1H FY2017. The improvement was despite huge downward price pressures on component supplies as a result of China's 4G market having reached maturity and also more intense price competition for 4G handsets. To mitigate adverse market conditions, the Group had co-operated with its suppliers to offer competitive prices and also provided better cost effective solutions to handset makers. This resulted in an increase in its market share.

The Group continued to invest resources to improve and differentiate its engineering services and capabilities to develop new solutions for various applications for its Industrial segment and its efforts paid off in a 11.1% YOY revenue increase to HK$426.6 million generated by its **Industrial** segment.

In 1H FY2017, the **Automotive** segment was the Group's star performer contributing HK$185.1 million in sales, which was a surge of 52.9% as compared to 1H FY2016. The strong performance affirms the Group's strategy to incorporate network building and solutions development into its automotive business. With China projected to be the largest market for automotive in the long run and consumers expect better quality, more comfort and higher safety standard, the Group intends to supply more advanced systems such as Applications for Telematics and Advanced Driver Assistance Systems (ADAS) to the market to achieve sustainable growth.

While the Group's **Dealer** and **Home Appliance** segments also achieved higher sales of 18.8% and 9.9% respectively, overall revenue growth was partially offset by the decline in sales from its **Audio Video**, **EMS**, **Lighting** and **Others** segments because of weaker demand for these products.

The uncertain economic outlook led to downward price pressure and caused the Group's gross profit margin to be trimmed from 9.17% in 1H FY2016 to 7.43% in 1H FY2017.

As at 30 September 2016, the Group maintained a strong working capital of HK$337.8 million, with a healthy cash balance of HK$391.5 million. Gearing was 161.9% (31 March 2016: 153.1%).

Based on 75,505,960 weighted average shares, earnings per share for 1H FY2017 was 19.30 HK cents compared to loss per share of 52.02 HK cents with 75,397,862 weighted average shares in 1H FY2016. Net asset value per share as at 30 September 2016 was 742.22 HK cents as compared to 735.39 HK cents as at 31 March 2016.

Commenting on the Group's outlook, Mr Leung said: *"With slowing growth expected in our main China market, the Group will monitor conditions closely and shift our resources to growth sectors accordingly. We anticipate the next 12 months to be challenging with poorer consumer sentiment which in turn will affect the electronics industry. However, we will continue to be prudent in managing its operations while maintaining its cautious stance in managing costs and sustaining a healthy liquidity position in order to support long term growth."*

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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, EMS 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 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 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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