

FOR IMMEDIATE RELEASE

Willas-Array's 1H FY2018 earnings triple as strategy to focus on high growth segments pays off

- Continuing operations recorded gross profit margin of 8.4% in 1H FY2018 due to the Group's ongoing strategy to provide better support services and solutions for high value-added products.

Financial Highlights in HK\$'m	6 months ended 30 September		
	1H FY2018	1H FY2017	% Change
Continuing operations:			
Revenue	2,354.8	2,069.9	13.8
Gross profit	196.7	153.8	27.9
Net profit (loss) attributable to owners of the Company:			
- Continuing operations	60.2	16.4	266.5
- Discontinued operations ⁽¹⁾	-	(1.8)	NM
Total net attributable profit	60.2	14.6	312.8
Basic earnings per share (HK cents)*	79.21	19.30	310.4
NAV per share (HK cents) ⁺	818.85 (as at 30 Sept 2017)	765.33 (as at 31 Mar 2017)	7.0

* Basic earnings per share was computed based on 75,938,949 and 75,505,960 weighted average number of shares in 1H FY2018 and 1H FY2017 respectively.

⁺ NAV was computed based on 76,340,960 ordinary shares as at 30 September 2017 and 75,505,960 ordinary shares as at 31 March 2017.

NM: Not meaningful

SINGAPORE – 10 November 2017 – Willas-Array Electronics (Holdings) Limited (“Willas-Array” or the “Group”), one of the largest Hong Kong-based distributors of electronics components in the Greater China region, today announced a 312.8% year-on-year (“YOY”) surge in net attributable profit to HK\$60.2 million for the six months ended 30 September 2017 (“1H FY2018”) on the back of revenue that rose 13.8% YOY to HK\$2,354.8 million.

¹ On 4 November 2016, the Group disposed of its entire interest in Noblehigh Enterprises Inc. and its subsidiaries at a cash consideration of HK\$0.9 million to a third party. In 1H FY2017, loss for the period from this discontinued business was HK\$1.8 million.

The stellar performance was attributable to the Group's strategy to focus its resources on high-growth segments, while at the same time providing active support and solutions to its business partners in more challenging segments so as to achieve positive outcomes.

As a result of its emphasis on high value-added products, the Group's gross profit margin rose 1.0 percentage points to 8.4% in 1H FY2018.

In line with the significant improvement in bottomline, the Group's earnings per share rose 310.4% to 79.21 Hong Kong cents for the six months ended 30 September 2017 as compared to 19.30 Hong Kong cents for the corresponding period in 2016. The calculation was based on the weighted average number of approximately 75.9 million and 75.5 million ordinary shares respectively.

Net asset value per share came in at 818.85 HK cents as at 30 September 2017 as compared to 765.33 HK cents as at 31 March 2017.

The Group had a working capital of HK\$408.6 million as at 30 September 2017, which included a cash balance of HK\$388.0 million. This is an improvement from a working capital of HK\$363.0 million, which included a cash balance of HK\$331.3 million as at 31 March 2017. Net gearing ratio as at 30 September 2017 was 108.1% (31 March 2017: 94.5%) mainly due to an increase in trust receipt loans from HK\$668.6 million to HK\$769.6 million to finance an increase in purchasing activities.

Willas-Array's Chairman, Mr Lawrence Leung, said: *"Our business is one that is highly competitive and we also have to grapple with rapidly changing technology and consumer trends. However our 35 years in the industry has held us in good stead as we have learnt to respond nimbly to all these constantly moving parts while zooming in on where the opportunities are. I am very pleased with our 1H FY2018 results because it shows that we are on the right track in terms of where we are allocating our resources and how we are tailoring our response according to the unique market situations faced by each of our business segments."*

BUSINESS REVIEW

While the **Telecommunications** segment continued to be the largest revenue generator contributing HK\$604.4 million, or 25.7%, of the Group's total revenue in 1H FY2018, the improvement in total topline amidst the tough economic climate and market conditions was mainly driven by robust double-digit sales growth generated by its Industrial, Home Appliance and Automotive and Others segments.

During the six months under review, Willas-Array continued to make long term investments to position itself as a dedicated engineering solution distributor through the development of network and engineering resources to support its focus segments, namely Automotive, Industrial and Home Appliance.

This enabled the Group to capture the strong demand in energy saving industrial applications and generated a 33.0% YOY in sales to HK\$567.4 million for the **Industrial** segment. Sales from the **Automotive** segment rose 24.4% YOY as it continued to benefit from the rising amount of electronic content in automobiles especially in the new generation cars, which have more advanced functions and safety features.

Sales contribution from the Group's **Home Appliance** segment rose 16.0% YOY to HK\$300.3 million as it continued to enjoy the growth momentum which started in 2016, driven by increasing demand for higher energy saving standards, better and more user-friendly features and functions in premium home appliances.

Mr Leung said: *"We will continue to develop more new applications and offer more advanced engineering solutions as well as source for new suppliers to take advantage of the momentum in the growth segments we have identified, namely the Industrial, Home Appliance, Automotive segments. This is to strengthen our capabilities as a distributor of electronic components and leverage this reputation in order to secure more business for the Group. We will also not cease in our efforts to support our customers in the other less rapidly expanding sectors so that they can in turn clinch more projects and business from their end customers."*

OUTLOOK

China achieved better than expected GDP growth of 6.9% in the first half of 2017⁽²⁾⁽³⁾ and with its economy showing signs of bottoming out, the second half of the year is expected to grow at a similar pace⁽⁴⁾.

Barring any unforeseen circumstances and also in view of its healthy interim results and the positive outcome of its sales generating strategies, Willas-Array is cautiously optimistic about its performance for its full financial year ending 31 March 2018.

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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, electronic manufacturing services 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.

² China can hit or even beat 6.5% growth target: Official, *The Straits Times*, 11 October 2017, (<http://www.straitstimes.com/asia/east-asia/china-can-hit-or-even-beat-65-growth-target-official>)

³ China set to meet, or even beat, 2017 growth target of 6.5%, *The Business Times*, 11 October 2017, (<http://www.businesstimes.com.sg/government-economy/china-set-to-meet-or-even-beat-2017-growth-target-of-65>)

⁴ China to grow 7% in second half of year: PBOC chief, *The Straits Times*, 17 October 2017, (<http://www.straitstimes.com/business/china-to-grow-7-in-second-half-of-year-pboc-chief>)

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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