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Willas-Array reports 1H2015 net profit attributable to shareholders of HK\$13.7 million on revenue of HK\$1.8 billion

<i>Financial Highlights in HK\$'m</i>	6 months ended 30 September		
	1H2015	1H2014	% Change
Revenue	1,779.4	1,629.0	9.2
Gross profit	150.1	174.1	(13.8)
Net profit attributable to shareholders	13.7	23.6	(41.9)
Earnings per share (HK cents)*	3.65	6.33	(42.3)
NAV per share (HK cents)⁺	145.34 (as at 30 Sept 2014)	149.61 (as at 31 Mar 2014)	(2.9)

* Earnings per share was computed based on 374,902,466 and 372,720,000 weighted average number of shares in 1H2015 and 1H2014 respectively.

⁺ NAV was computed based on 376,744,800 shares as at 30 September 2014 and 372,720,000 shares as at 31 March 2014.

SINGAPORE – 14 November 2014 – 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, generated a 9.2% year-on-year (“yoy”) increase in sales revenue of HK\$1,779.4 million in the six months ended 30 September 2014 (“1H2015”) as compared to the HK\$1,629.0 million achieved in the corresponding six months ended 30 September 2013 (“1H2014”).

However gross profit fell 13.8% yoy to HK\$150.1 million in 1H2015 due to heavy downward price pressure on the electronic components market as well as the intense competition in the consumer electronics market, which resulted in a decline in the Group’s gross profit margin from 10.69% in 1H2014 to 8.44% in 1H2015.

The Group's overall expenses in 1H2015 remained at about the same levels as 1H2014 (if one-off expenses relating to Willas-Array's successful dual listing on the Hong Kong Stock Exchange in December 2013 were excluded). However share of profit of associates fell 93.3% from HK\$5.3 million in 1H2014 to HK\$0.4 million in 1H2015 as a result of excess inventory for which a stock provision had to be made. The Group's associated company GW Electronics Company Limited, which focuses on memory products, had stockpiled on inventory in anticipation that the boom in demand for such products in 2013 would continue in 2014, but sales started stagnating in mid-2014 along with China's slowing growth and led to the significant decline in share of profit of associates.

The Group's other operating income had also fallen during the current reporting period from HK\$2.1 million in 1H2014 to HK\$1.0 million in 1H2015 due to lower tax rebates from the Chinese government as well as lower bank interest income.

As a result, net profit attributable to shareholders fell 41.9% yoy from HK\$23.6 million in 1H2014 to HK\$13.7 million in 1H2015.

Commenting on the Group's financial performance for 1H2015, Willas-Array's Chairman, Mr Lawrence Leung, said, *"The slowdown in China's economy had made the operating environment very challenging for the electronic components industry as we faced increasing inflationary pressures and growth in demand had been less than what the industry projected. Nevertheless, we were able to leverage on our extensive sales network to capture as many opportunities as possible and enabled the Group to still grow its topline."*

As at 30 September 2014, the Group maintained a strong working capital of HK\$298.9 million, with a healthy cash balance of HK\$239.8 million.

Based on the financial results for the half-year period in review, basic earnings per share for 1H2015 stood at 3.65 HK cents as compared to 6.33 HK cents in 1H2014. Net asset value per share as at 30 September 2014 was 145.34 HK cents, as compared to 149.61 HK cents as at 31 March 2014.

Mr Leung added, *“The Group expects the next six months to remain challenging as China’s growth is widely expected to slow further and this will impact on general consumer and business sentiments but we will continue to put in our best efforts to drive volume growth in sales while maintaining a healthy liquidity position and exercising prudence in managing our operations. Meanwhile, our associated company GW Electronics is starting to see signs of recovery in the market for memory products and will be stepping up efforts to increase sales and clear excess inventory in the coming months.”*

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About Willas-Array Electronics (Holdings) Limited

Established in the early 1980s, listed on the Main Board of the Singapore Exchange in 2001 (SGX: W12) and also on the Main Board of The Stock Exchange of Hong Kong in 2013 (SEHK: 854), Hong Kong-based Willas-Array is principally engaged in the distribution of electronic components for use in the industrial, audio and video, telecommunications, home appliances, 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 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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