

FOR IMMEDIATE RELEASE

Willas-Array achieves best performance since listing as sales and earnings hit record high in FY2018

- *Net attributable profit surges 198.4% on the back of revenue, which rose 17.3% due to double-digit increase in sales from the Group's Industrial, Home Appliance and Automotive segments.*
- *Recommends final dividend of Hong Kong dollar 0.42 per ordinary share representing a total dividend payout of 28.6% for FY2018.*
- *Proposes bonus issue of one new share for every 10 existing shares held by shareholders.*

Financial Highlights in HK\$'m	12 months ended 31 March		
	FY2018	FY2017	% Change
Continuing operations:			
Revenue	4,556.4	3,883.1	17.3
Gross profit	395.4	316.8	24.8
Net profit (loss) attributable to owners of the Company:			
- Continuing operations	112.0	39.4	184.5
- Discontinued operations ⁽¹⁾	-	(1.8)	NM
Total net attributable profit	112.0	37.5	198.4
Basic earnings per share (HK dollars)*	1.47	0.52	182.7
NAV per share (HK dollars) ⁺	9.38 (as at 31 Mar 2018)	7.65 (as at 31 Mar 2017)	22.6

• *Basic earnings per share from continuing operations was computed based on 76,139,404 and 75,505,960 weighted average number of shares in FY2018 and FY2017 respectively.*

• *⁺ NAV was computed based on 76,340,960 ordinary shares as at 31 March 2018 (31 March 2017: 75,505,960).*

• *NM: Not meaningful*

SINGAPORE – 30 May 2018 – 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, has achieved its best ever performance since its listing in 2001.

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 FY2017, loss for the year from this discontinued business was HK\$1.8 million.*

The Group reported a 198.4% year-on-year (“YOY”) surge in net attributable profit to HK\$112.0 million for the 12 months ended 31 March 2018 (“FY2018”) as it continued to reap positive results from its highly effective strategy to focus and invest in key growth segments. Revenue over the same period rose 17.3% YOY to HK\$4,556.4 million driven by double-digit increase in sales from the Group’s Industrial, Home Appliance and Automotive segments.

As a result of its emphasis on high value-added products, which led to better returns and improved margins, the Group’s gross profit jumped 24.8% YOY to HK\$395.4 million with gross profit margin rising in tandem by 0.5 percentage points to 8.7% in FY2018.

Willas-Array’s Chairman, Mr Lawrence Leung, said: *“It has been a truly remarkable year for the Group with double-digit growth in sales across almost all our business segments. The sterling performance reflects the success of our strategy to establish a strong sales and marketing network in China and to invest heavily in enhancing our engineering capabilities so as to better support our suppliers as well as customers.*

“In an industry where competition is intense, our experience in our core China market and our relentless pursuit of opportunities has enabled us to correctly identify key business segments to focus on. We were also able to leverage our strong supplier and customer relationships and longstanding track record as a distributor to strengthen our position and capture marketshare.”

In line with the significant bottomline improvement, the Group’s earnings per share rose 182.7% to Hong Kong dollars 1.47 for the full year ended 31 March 2018 as compared to Hong Kong dollar 0.52 for the corresponding period in 2017. The calculation was based on the weighted average number of approximately 76.1 million and 75.5 million ordinary shares respectively.

Net asset value per share came in at Hong Kong dollars 9.38 as at 31 March 2018 as compared to Hong Kong dollars 7.65 as at 31 March 2017.

The Group had a working capital of HK\$470.9 million as at 31 March 2018, which included a cash balance of HK\$327.1 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 was 101.9% (31 March 2017: 94.5%) mainly due to an increase in trust receipt loans from HK\$668.6 million to HK\$818.4 million to finance an increase in purchasing activities.

To celebrate the stellar performance with shareholders, the Board of Directors (the “**Board**”) of Willas-Array has recommended a final dividend of Hong Kong dollar 0.42 per ordinary share, which represents a total dividend payout of 28.6% for FY2018. The dividend is payable on 28 August 2018 subject to approval by shareholders at the Group’s upcoming annual general meeting on 27 July 2018 (the “**2018 AGM**”).

The Board has also proposed a bonus issue of one new share for every 10 existing shares held by shareholders, to give due recognition for their continuing loyalty to and support of the Group. The necessary resolution will be proposed at the 2018 AGM.

BUSINESS REVIEW

Willas-Array’s revenue growth was attributed to double-digit increase in sales from its Industrial, Home Appliance and Automotive segments. Although the Telecommunications segment was impacted by the general slowdown in demand for smartphones, this was mitigated by the Group’s well-balanced business portfolio and strategic investments in key growth segments.

The **Telecommunications** segment remained the largest revenue generator contributing HK\$1,125.0 million, or 24.7%, of the Group’s total revenue in FY2018. While this represented an 8.0% YOY improvement, it was a slower pace of growth as compared to the previous corresponding period due to the plateauing of the global smartphone market with longer replacement cycles and 4G handsets coming into maturity.

The **Industrial** segment, which is Willas-Array’s second biggest revenue contributor, remained on its strong growth trajectory as it continued to benefit from the investments that the Group had made to strengthen its network and engineering capabilities and partnering its suppliers to provide the most relevant products to support the development of new designs. This enabled the Group to seize new business opportunities arising from the increasing industrialization in China that had led to more demand for power electronics components to be used for motion control, power management and power saving applications. The segment achieved a 26.8% increase in sales to HK\$1,089.6 million in FY2018.

Home Appliance, which is the Group’s third largest revenue contributor recorded a 22.4% YOY increase in sales to HK\$619.7 million in FY2018 as consumers continue to seek out premium home appliances with more power saving features, while the **Automotive** segment achieved a 17.0% YOY increase in sales to HK\$507.1 million over the same period as a result of the rising electrical content in cars.

Except for the Lighting segment, which remained flat, there was healthy revenue growth across Willas-Array's other business segments.

Mr Leung said: *"While we are extremely satisfied with our FY2018 performance, we are also mindful of not being complacent because the trends in our industry are known to change very rapidly. The Group will remain vigilant and continue to look for more new applications for electronic componentry so as to expand our business. We will also keep a close watch on our inventory and keep them at optimum levels that are in line with demand."*

OUTLOOK

China's GDP growth rate of 6.9% in 2017, the fastest since 2015, and exceeded previous forecasts of around 6.5%². For the first quarter of 2018, its GDP grew at about 6.8%³ and IMF has put its growth forecast for the country at 6.6% for the year⁴.

In line with the projected GDP growth forecast, Willas-Array expects domestic demand and the export market to remain strong while spending on state infrastructure is expected to continue. The generally positive outlook bodes well for the Group's business, especially its growth segments – Automotive and Home Appliances, which are both expected to have increasing electronic content in tandem with the rising trend for automation, power saving and smart features.

However the Group is closely monitoring the considerable downside risks and certain headwinds in the macro-environment led by the United States and China trade tensions. It will continue to be prudent in managing its operations and costs, while sustaining a healthy liquidity position in order to support long-term growth.

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² *Financial Times - China's 2017 economic growth fastest in two years, 18 January 2018*
(<https://www.ft.com/content/9bf532a8-66de-37bf-b515-03589957ada4>)

³ *CNBC - China says its economy grew 6.8% in the first quarter of 2018, topping expectations, 16 April 2018* (<https://www.cnbc.com/2018/04/16/chinese-q1-gdp-china-reports-first-quarter-gross-domestic-product.html>)

⁴ *China Daily - IMF ups China 2018 economic growth forecast, 23 January 2018*
(<http://www.chinadaily.com.cn/a/201801/23/WS5a66ea17a3106e7dcc13610d.html>)

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 has 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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