

FOR IMMEDIATE RELEASE

## Willas-Array records interim attributable profit of HK\$6.7 million on sales of HK\$2,154.8 million

- *Bottomline performance impacted by effects of US-China trade tensions.*
- *Gross profit margin increased 1.2 percentage points to 9.6% due to the Group's provision of value-added services to customers in its key focus segments of Automotive, Industrial and Home Appliance.*

| Financial Highlights in HK\$'m                       | 6 months ended 30 September   |                               |          |
|------------------------------------------------------|-------------------------------|-------------------------------|----------|
|                                                      | 1H 2019                       | 1H 2018                       | % Change |
| Revenue                                              | 2,154.8                       | 2,354.8                       | (8.5)    |
| Gross profit                                         | 207.2                         | 196.7                         | 5.3      |
| <b>Profit attributable to owners of the Company:</b> | <b>6.7</b>                    | 60.2                          | (88.8)   |
| Basic earnings per share (HK cents)*                 | 7.97                          | 72.01                         | (88.9)   |
| NAV per share (HK cents) <sup>+</sup>                | 791.26<br>(as at 30 Sep 2018) | 852.70<br>(as at 31 Mar 2018) | (7.2)    |

\* Basic earnings per share was computed based on 84,418,355 and 83,532,844 (restated) weighted average number of shares in 1H 2019 and 1H 2018 respectively.

<sup>+</sup> NAV was computed based on 85,207,049 ordinary shares as at 30 September 2018 (31 March 2018: 83,975,056 (restated)).

**SINGAPORE – 14 November 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, recorded attributable profit of HK\$6.7 million for the six months ended 30 September 2018 (“**1H2019**”) compared to HK\$60.2 million for the corresponding period in 2017 (“**1H2018**”).

The weaker bottom line was largely due to an exchange loss of HK\$34.0 million in the current period while there was an exchange gain of HK\$10.0 million in the same period last year. Excluding the exchange difference, the attributable profit for 1H2019 would have been HK\$40.7 million as compared to HK\$50.2 million for 1H2018. The decrease in attributable profit was mainly due to increases in staff cost, rental expenses for warehouse and finance costs in 1H2019.

During the period under review, escalating tensions between China and the US had led to weaker exports and domestic demand as both business and consumer sentiment turned cautious amidst the strained relations between the two countries. Against this backdrop, the Group's sales revenue declined 8.5% year-on-year (“**YOY**”) to HK\$2,154.8 million in 1H2019.

Despite the adverse conditions, gross profit in 1H2019 rose 5.3% YOY to HK\$207.2 million with gross profit margin increasing by 1.2 percentage points to 9.6% due to the Group's investment in engineering resources and sales network to provide value-added services to customers in key focus segments such as Automotive, Industrial and Home Appliance, which led to better returns and improved margins.

Net asset value per share came in at 791.26 HK cents as at 30 September 2018 as compared to 852.70 HK cents as at 31 March 2018.

As at 30 September 2018, the Group had a working capital of HK\$432.0 million, which included a cash balance of HK\$296.2 million, compared to a working capital of HK\$470.9 million, which included a cash balance of HK\$327.1 million as at 31 March 2018.

**Willas-Array's Chairman, Mr Lawrence Leung, said:** *"It has been a testing year for the Group, with our various market segments being directly impacted by the US-China trade tensions and depreciation of the RMB. We believe that our fundamentals from our investments to enhance our engineering capabilities and existing business networks will tide us through this uncertainty.*

*"While we do not have any control over the macro environment, we are certainly able to focus on what we do best. We believe our experience in the China market and continuous pursuit of excellence will allow us to retain our competitive edge. Looking ahead, we remain cautiously optimistic about the key focus segments we have identified, namely Automotive, Industrial and Home Appliance, and we will continue to invest our efforts and resources in these areas while at the same time seeking opportunities to drive sales in our other segments."*

## **OUTLOOK**

The ongoing US-China trade tensions and the resulting implementation of tariffs are a threat to China's economy, and are also expected to dent US growth. The Group expects the situation to remain tense with no short term resolution in sight.

In view of the considerable downside risks and certain headwinds in the macro-environment, the Group has taken several measures in facing this challenging situation including tightening its cost and expenses control, mitigating the credit risk of debtors and reducing its purchase activities to keep inventory at appropriate levels.

---

---

**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.*

###

**For more information, please contact:**

August Consulting Pte Ltd

Wrisney Tan, [wrisneytan@august.com.sg](mailto:wrisneytan@august.com.sg)

Chua Jieying, [jieyingchua@august.com.sg](mailto:jieyingchua@august.com.sg)

Tel: +65 6733 8873