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WILLAS-ARRAY ELECTRONICS (HOLDINGS) LIMITED

威雅利電子(集團)有限公司

(Incorporated in Bermuda with limited liability)

(Hong Kong stock code: 854)

(Singapore stock code: BDR)

OVERSEAS REGULATORY ANNOUNCEMENT

This overseas regulatory announcement is issued pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Please refer to the following pages for the document which has been published by Willas-Array Electronics (Holdings) Limited (the “Company”) on the website of Singapore Exchange Securities Trading Limited on May 26, 2017.

By Order of the Board

Willas-Array Electronics (Holdings) Limited

Leung Chun Wah

Chairman and Executive Director

Hong Kong, May 26, 2017

As at the date of this announcement, the Board comprises four Executive Directors, namely Leung Chun Wah (Chairman), Kwok Chan Cheung (Deputy Chairman), Hon Kar Chun (Managing Director) and Leung Hon Shing; and three Independent Non-executive Directors, namely Jovenal R. Santiago, Wong Kwan Seng, Robert and Iu Po Chan, Eugene.

General Announcement::Willas-Array achieves 6.8% revenue growth in FY2017**Issuer & Securities**

Issuer/ Manager	WILLAS-ARRAY ELEC (HLDGS) LTD
Securities	WILLAS-ARRAY ELEC (HLDGS) LTD - BMG9643L1349 - BDR
Stapled Security	No

Announcement Details

Announcement Title	General Announcement
Date & Time of Broadcast	26-May-2017 21:03:39
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Announcement Sub Title	Willas-Array achieves 6.8% revenue growth in FY2017
Announcement Reference	SG170526OTHRINVF
Submitted By (Co./ Ind. Name)	Leung Chun Wah
Designation	Chairman and Executive Director
Description (Please provide a detailed description of the event in the box below)	Please see attached.
Attachments	 eWAE-20170526-PR.pdf Total size =671K



WILLAS-ARRAY ELECTRONICS (HOLDINGS) LIMITED

威雅利電子(集團)有限公司

FOR IMMEDIATE RELEASE

Willas-Array achieves 6.8% revenue growth in FY2017; net attributable profit rises to HK\$37.5 million

- *Topline expansion was driven mainly by its Automotive and Home Appliance segments, while bottomline growth was due to the absence of the share of loss of associates and the impairment loss on interests in associates incurred in FY2016.*
- *Recommends a final dividend of 31.0 Hong Kong cents (approximately 5.5 Singapore cents) per ordinary share, representing a dividend payout ratio of 62.4%.*

Financial Highlights in HK\$'m	12 months ended 31 March		
	FY2017	FY2016	% Change
Continuing operations:			
Revenue	3,883.1	3,635.6	6.8
Gross profit	316.8	314.4	0.7
Net profit (loss) attributable to shareholders:			
- Continuing operations	39.3	(71.5)	+155.1
- Discontinued operations	(1.8)	(0.1)	NM
Total net attributable profit	37.5	(71.6)	152.4
Basic earnings (loss) per share (HK cents) from continuing and discontinued operations*	49.68	(94.90)	152.4
NAV per share (HK cents) ⁺	765.33 (as at 31 Mar 2017)	735.39 (as at 31 Mar 2016)	4.1

* Earnings (loss) per share was computed based on 75,505,960 and 75,451,911 weighted average number of shares in FY2017 and FY2016 respectively.

⁺ NAV was computed based on 75,505,960 ordinary shares as at 31 March 2017 (31 March 2016: 75,505,960 ordinary shares)

NM: Not meaningful

SINGAPORE - 26 May 2017 - 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 a 6.8% year-on-year (“yoy”) increase in revenue to HK\$3,883.1 million for the 12 months ended 31 March 2017 (“FY2017”), as compared to revenue of HK\$3,635.6 million for the preceding 12 months ended 31 March 2016 (“FY2016”).

The Telecommunications segment remained the Group's biggest contributor to sales. In FY2017, it achieved revenue of HK\$1,041.9 million. Although this represents a 8.6% YOY increase, the pace of growth was slower as compared to FY2016 when China's 4G market had experienced rapid expansion.

The Industrial segment, which is the Group's second largest revenue contributor, generated an 11.4% increase YOY partially because of the reclassification of customers from its other segments but also because of strong demand from energy saving applications and transportation, communication and power-related infrastructure.

The strongest growth in FY2017 came from the Automotive and Home Appliance segments, which generated increases of 32.4% and 15.6% respectively, reflecting the success of WAE's ongoing strategy to strengthen its capabilities and invest more engineering resources in these segments to provide value-added services to secure more business.

Except for Electronic Manufacturing Services ("EMS") (if excluding reclassification of customers), which was mostly flat, the Group's other remaining segments including Dealer, Audio and Video, Lighting and Others all experienced decline, which was in line with the management's expectations as some of these sectors continue to face challenges in the form of rapidly changing or obsoleting technology, as well as tough market conditions and lower demand.

Gross profit in FY2017 increased by a modest 0.7% year-on-year ("YOY") to HK\$316.8 million but intense market competition and the slowing economy in China led to downward price pressures and a squeeze on gross profit margins which fell from 8.65% in FY2016 to 8.16% in FY2017.

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.

Net attributable profit to shareholders rose to HK\$37.5 million in FY2017 as compared to a loss of HK\$71.6 million in FY2016, which was mainly due to share of loss and impairment loss of the Group's associated company, GW Electronics Company Limited.

Mr Lawrence Leung, Chairman of Willas-Array, said: *"In FY2017, we continued to build on our network of suppliers to expand our product offerings and invest heavily in growth sectors such as Automotive and Home Appliance, which we believe will support the long term growth of the company. We expect that these two sectors will require more and more advance solutions and electronic componentry and we have teamed up with our major suppliers to ensure that we are able to meet their current and future needs.*

"At the same time, we are keeping an eye on those segments that are slowing to ensure that we do not hold too much inventory. But even in these segments, we strongly believe that there are pockets of opportunity that have strong potential and we are getting ourselves into a position to respond quickly when that time is right."

As at 31 March 2017, the Group maintained a strong working capital of HK\$363.0 million, with a healthy cash balance of HK\$331.3 million.

In line with its performance, the Group has recommended a final dividend of 31.0 Hong Kong cents (approximately 5.5 Singapore cents) per ordinary share, representing a dividend payout ratio of 62.4%.

Outlook

The Group expects market conditions to remain challenging in the year ahead in line with China's slowing economic growth. Although its industry is unlikely to experience exponential growth in the near term, the Group remains confident that it is still a viable business because of the diversity of uses for electronic componentry.

Mr Leung said, *"We anticipate slowdown in certain segments such as Telecommunications, which is reaching maturity and although there will still be some growth, the pace will be slower amidst a likely imbalance of supply and demand and greater price competition. Within the Audio and Video segment, which has been experiencing falling revenues in the past few years, we have observed new requirements for componentry and as such we will keep adequate resources and co-operate with existing and new suppliers to identify and capitalize on these new opportunities.*

“Looking ahead, we will be focusing the bulk of our resources and efforts in growth segments including Automotive and Home Appliance, which have been driven by the rising percentage of electronic content in automobiles and smart appliances. We also believe China’s ‘One Belt, One Road’ initiative will yield opportunities for our Industrial segment particularly in the areas of transportation, communication and power related infrastructure.”

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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 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.

Issued on behalf of Willas-Array Electronics (Holdings) Limited

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