WILLAS-ARRAY™
威雅利電子(集團)有限公司
Willas-Array Electronics (Holdings) Limited

FOR IMMEDIATE RELEASE

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Willas-Array reports FY2009 loss amidst difficult business environment; maintains healthy cash flow and optimal inventory level

- *Sales declined by 7.8% due to lower orders by customers in 2H2009 as a result of weaker demand for electronic goods*
- *Gross margin dipped slightly to 10.3% from 11.7% a year ago due to a deliberate move to clear excess inventory at lower prices*
- *Strong financial discipline and seasoned management team will ensure the Group emerge stronger from the crisis*

Financial Highlights in HK$'m	**12 months ended 31 March**		
	FY2009	**FY2008**	**% Change**
Revenue	**2,351.0**	**2,548.5**	**(7.8)**
Gross profit	**242.5**	**298.1**	**(18.7)**
Operating (loss)/profit	**(10.8)**	**56.9**	**(119.0)**
Impairment losses on intangible assets and goodwill	**(15.5)**	**-**	**N.M.**
(Loss)/profit before tax	**(26.3)**	**56.9**	**(146.2)**
Group's net (loss)/profit	**(26.9)**	**46.7**	**(157.7)**
Net (loss)/profit attributable to shareholders	**(19.7)**	**45.9**	**(142.8)**

SINGAPORE – 27 May 2009 – 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, today reported a loss attributable to shareholders of HK$19.7 million for FY2009. Nevertheless, the Group continues to maintain a healthy cash balance and strong cash flow even in this difficult business environment. It is also confident of weathering the economic crisis with its stringent cost controls and strategy in China.

Like many companies worldwide, Willas-Array's performance has been affected by the global financial crisis, particularly in the second half of FY2009 ("2H2009"). While sales increased in the first half of the year, the significant downturn in the global consumer electronics sector has caused the Group to witness a reduction or delay in electronics components orders in 2H2009. Overall sales for FY2009 declined 7.8% to HK$2.4 billion.

In the current year, the Group is also impacted by a write-off of intangible assets and goodwill relating to its acquisition of 60%-owned subsidiary, ValenceTech Limited, amounting to HK$8.8 million and HK$6.7 million respectively. Excluding these one-off items, the Group's operating loss, attributable to both shareholders and minority interests, amounted to HK$10.8 million.

To keep inventory, cash flow and reserves at an optimal level, the Group strategically adopted a more competitive pricing to sell off excess inventory. As a result, inventory was successfully reduced to HK$234.9 million as at 31 March 2009, as compared with HK$414.5 million a year ago.

However, the deliberate move to clear inventory also resulted in FY2009 gross profit declining 18.7% to HK$242.5 million while gross profit margin dipped marginally to 10.3%, from 11.7% in FY2008.

Mr Lawrence Leung, Chairman of Willas-Array said, "The widening ripple effect of the global financial crisis is affecting many companies worldwide but we are confident of weathering the crisis. We have shown in the past that we can ride through troughs and work in challenging operating environments. Our strong financial discipline and seasoned management team will ensure that we come out of this crisis stronger and well positioned to resume growth."

Net asset value per share as at 31 March 2009 stood at 110.51 HK cents, from 122.69 HK cents as at 31 March 2008.

Strong asset-backing

As at 31 March 2009, the Group had a working capital of HK$285.4 million, which included a cash balance of HK$303.7 million, up from HK$196.2 million as at 31 March 2008.

In anticipation of a worldwide credit crunch, the Management of Willas-Array had, since late 2007, gradually secured additional financing and credit facilities. The strong cash position and working capital will also position Willas-Array to benefit from a market turnaround as the Group has the financial strength to be amongst the firsts to act once demand for consumer electronics picks up.

Moving forward, the Group will continue to manage working capital closely. Tight control on operating costs remains vital. Demonstrating the results from its costs control measures, distribution costs in FY2009 decreased 13.7% to HK$31.1 million, exceeding the corresponding decline in overall sales. Cost cutting measures undertaken include curtailments on travelling and entertainment expenses.

Administrative expenses, however, increased by 7.6% to HK$207.9 million as the positive effects of the cost cutting measures, which were felt only in the later part of FY2009, were outweighed by cost increases in the first half of the year and foreign exchange losses. During the year in review, a higher provision for bad debts of HK$10.9 million was also made in view of the credit crunch. This compares with HK$4.9 million in FY2008.

"While we have increased our provision for doubtful debts this year, this is merely a prudent move in view of the current economic situation. We are happy to note that our bad debts to date remain insignificant as we have been selective with our customers. Going forward, we will continue to limit our receivables exposure by carefully evaluating the financial and liquidity position of our customers before we take on new orders," Mr Leung explained.

Outlook

With the current financial crisis and the uncertainties revolving around the H1N1 influenza, the Group cautioned of more difficult times ahead for the global electronics components industry. But it assures shareholders that it will meet the challenges head on.

"We have, over the years, continually worked at building and refining our essential assets which enable us to face any environment with confidence. To weather this crisis, it is imperative that we continue to stay close to our customers while proactively monitoring and responding to the changing market situation. We will also continue to sharpen our material and resource planning, as well as tighten cost, credit and inventory controls," said Mr Leung.

In addition, the Group will continue to actively look out for opportunities in the PRC which can further extend its market presence. Further business opportunities may also be created for Willas-Array as a result of the Chinese government's 4 trillion yuan stimulus package aimed at boosting domestic demand.

"We will keep our eyes and ears open for business opportunities and avenues for growth to further cement our presence in China. The China market has always been the backbone of our growth, and we have, overtime, established a leading market position. As one of the fastest growing economies in the world, we believe that China still holds immense opportunities for us," concluded Mr Leung.

About Willas-Array Electronics (Holdings) Limited
Established in the early 1980s and listed on the Main Board of the Singapore Exchange in 2001, Hong Kong-based Willas-Array is principally engaged in the distribution of active and passive components for use in the audio/video, telecommunications, industrial, consumer and computer segments. Backed by long-standing relationships with over 20 reputable Principals, Willas-Array carries a wide product mix, distributing and marketing in excess of 10,000 product items which cater to over 2,000 active customers. Its main markets are in Hong Kong and China.

In China, Willas-Array has established a network of offices strategically located in Beijing, Tianjin, Qingdao, Shanghai, Chengdu, Xiamen, Zhongshan, Shenzhen and Guangzhou. It has subsidiaries in the Free Trade Zones in Shanghai and Shenzhen, both of which serve as logistics centres for the Group in North and South China respectively.

In February 2005, Willas-Array established a wholly-owned subsidiary in Taipei, Taiwan. The purpose of this subsidiary is to tap on the growing number of large electronic manufacturers in Taiwan doing business in China.

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