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# Willas-Array achieves double digit net profit growth at full time

- Revenue increases 6.1% despite the challenging operating environment.
- Attests to the Group's broad coverage and penetration in key markets.
- Declares first and final dividend per share of 1.1 Singapore cents for FY2015.

Financial Highlights in HK\$'m	12 months ended 31 March		
	FY2015	FY2014	% Change
Revenue	3,392.0	3,196.3	+ 6.1
Gross profit	309.7	327.8	-5.5
Profit before tax	42.4	40.2	+ 5.3
Net profit attributable to shareholders	32.0	29.0	+ 10.2
Basic earnings per share (HK cents)*	8.50	7.78	+ 9.3

\* Computed based on weighted average number of ordinary Shares of 375,821,109 shares in FY2015 (FY2014: 372,720,000)

**SINGAPORE – 29 May 2015 – Willas-Array Electronics (Holdings) Limited (“Willas-Array” or the “Group”)**, one of the largest Hong Kong-based distributors of electronics components in Asia Pacific, reported net profit attributable to shareholders of HK\$32.0 million for the financial year ended 31 March 2015 (“FY2015”), representing a 10.2% increase over the preceding financial year (“FY2014”).

Underpinning the improvement in performance was a 6.1% year-on-year (“yoy”) increase in revenue to HK\$3,392.0 million, a result of the Group's strategic investment in engineering resources and its close working relationships with reputable principal suppliers and strong brand manufacturers in its main market of China. This approach has allowed Willas-Array to capture opportunities against a backdrop of slower growth in the market.

Commenting on the Group's financial performance for FY2015, Willas-Array's Chairman, Mr Lawrence Leung, said, “We are encouraged by the commendable set of results that was made possible by the hard work put in by all our staff at Willas-Array. While market conditions for the different business segments were erratic, we were able to maintain

*market share in most segments, a sign that our strategic allocation of engineering resources in anticipation of market demand paid off.”*

### **Business Review**

In FY2015, the Group's top performers were its **Telecommunications** and **Home Appliance** segments, which achieved double-digit revenue growth of 49.2% and 27.1% respectively. The Group's largest revenue contributor, the **Industrial** business segment, was able to maintain its market share with sales dipping only marginally by 1.2% yoy in spite of the negative impact of the termination of the China government's subsidy programmes for energy saving appliances and an overall uncertainty in the export market. The performance of these three segments was attributed to the Group's strategy to provide more value added services and support to its customers as well as the broad product coverage, market penetration and business network it had established over the years.

Also benefitting from Willas-Array's strategic move to allocate more engineering and marketing resources to capitalise on the growth of China's automotive market was the Group's **Automotive** segment, which enjoyed a 6.6% yoy growth in revenue.

The Group's remaining segments mostly recorded lower sales in line with changing consumer and technology trends that impacted demand adversely, except for the **Dealer** segment which achieved a modest 1.1% increase in revenue.

Overall, weaker demand for electronic components arising from the slowdown in China's economy led to downward price pressures and squeezed the Group's gross profit margin for the first half of the financial year. Though market conditions stabilised in the second half, gross profit margin for the whole year decreased from 10.26% in FY2014 to 9.13% in FY2015. Gross profit fell 5.5% to HK\$309.7 million.

### **Share of loss of associates**

The Group registered a HK\$6.5 million share of loss of associates in FY2015 as compared to a HK\$7.1 million share of profit of associates in FY2014. The Group's 49.0% owned associated company GW Electronics Company Limited ("**GW Electronics**"), which deals with Toshiba-related business, had experienced stagnant demand for memory products since mid-2014.

GW Electronics had stocked up on inventory in response to the booming demand for such products in 2013, which was expected to continue on to 2014 and beyond.

Anticipated demand was slow to materialize and resulted in the associated company suffering net losses in FY2015 due to provision for stocks and doubtful debts from customers.

Based on weighted average number of ordinary shares of 375,821,109, basic earnings per share in FY2015 was 8.50 HK cents, compared to 7.78 HK cents in the previous year; net asset value per share was 175.76 HK cents as at 31 March 2015, compared to 149.61 HK cents as at 31 March 2014, based on issued share capital of 376,744,800 (31 March 2014: 372,720,000) ordinary shares.

### **Outlook**

The Group expects market conditions to remain challenging in the year ahead in line with China's slowing economic growth, however it is cautiously optimistic that the increasing strength and international acceptance of Chinese electronics brands will fuel an uptrend in the years ahead.

Mr Leung said, *"We have witnessed the evolution of China's electronics market from a pure manufacturing hub for international brands to a producer of homegrown Chinese electronics brands that have become contenders on the world stage. We believe in a strong future for China's electronics industry, and for Willas-Array, as Chinese brands continue to gain recognition for being well-made and reasonably priced.*

*"Our team of employees who have been groomed over the years to take over middle and senior management positions across all departments in our China offices has also enabled the Group to stay ahead of the game. We are well-positioned to spot and capture opportunities quickly as we are able to leverage on their intimate knowledge and expertise in the local market as well as tap on their extensive business networks."*

Having strengthened its sourcing strategy in recent years, the Group expects to secure more quality suppliers, which will expand its product portfolio and increase its market share in the electronic components market.

### **Proposed Dividend Payout**

Based on the Group's healthy performance, the Directors have proposed a first and final dividend of 6.347 Hong Kong cents or 1.1 Singapore cents per share, which if approved at the Annual General Meeting to be held on 30 July 2015, will be paid to shareholders on 26 August 2015.

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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.*