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August Consulting Pte Ltd

Wrisney Tan, wrisneytan@august.com.sgColin Tan, colintan@august.com.sg

Tel: +65 6733 8873

Willas-Array achieves revenue growth of 7.4% in FY2016

- *Bottomline impacted by share of loss of associates and impairment loss, resulting from termination of Toshiba Asia distributorship agreement*

Financial Highlights in HK\$'m	12 months ended 31 March		
	FY2016	FY2015	% Change
Revenue	3,642.2	3,392.0	7.4
Gross profit	319.6	309.7	3.2
Net (loss) profit attributable to shareholders	(71.6)	32.0	nm
(Loss) earnings per share (HK cents)*	(94.90)	42.52	nm
NAV per share (HK cents)⁺	735.39 (as at 31 Mar 2016)	878.80 (as at 31 Mar 2015)	(16.3)

* (Loss) earnings per share was computed based on 75,451,911 and 75,164,222 (restated) weighted average number of shares in FY2016 and FYH2015 respectively.

⁺ NAV was computed based on 75,505,960 shares as at 31 March 2016 and 75,348,960 (restated) shares as at 31 March 2015.

nm: not meaningful.

SINGAPORE - 27 May 2016 - 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 7.4% year-on-year (“**yo**y”) rise in revenue to HK\$3,642.2 million for the financial year ended 31 March 2016 (“**FY2016**”), as compared to revenue of HK\$3,392.0 million for the preceding financial year (“**FY2015**”).

The topline growth was achieved despite challenging macroeconomic environment, mainly because of strong performance by the Group’s **Telecommunications** and **Automotive** segments, which reflected the ongoing success of the Group’s strategy to

invest in engineering resources and establishing close partnerships with reputable principal suppliers and strong brand manufacturers in China.

With China's smartphone brands gaining dominance both locally and abroad as well as the continued expansion of 4G networks in China, the Group's **Telecommunications** segment surged 47.5% yoy in FY2016 contributing 26.3% to total sales, making it the biggest revenue generator for Willas-Array.

The **Automotive** segment also put in a solid performance in FY2016, generating 22.0% more sales yoy for the Group. The segment's strong contribution was driven by the advent of automobile component systems in cars and the strong rebound in China's automotive market following the launch of new stimulus policies by the China government in September 2015 to boost growth in the automotive industry.

Apart from the Group's **Industrial** segment which was stable in FY2016, overall revenue growth was partially offset by decline in revenue from other business segments, namely the **Dealer, Home Appliance, Audio and Video, EMS** and **Lighting** segments, due to weaker demand for these products.

During the year, gross profit rose 3.2% yoy to HK\$319.6 million in FY2016, in tandem with the increase in revenue. However, gross profit margin declined from 9.13% in FY2015 to 8.78% in FY2016, resulting from downward price pressures arising from slower sales amidst the deceleration in China's economic growth.

Share of loss of associates and impairment loss on interests in associates

The Group recorded share of loss of associates of HK\$38.3 million in FY2016 as compared with share of loss of associates of HK\$6.5 million for FY2015, mainly due to doubtful debts provision for debtors of memory products.

In September 2015, GW Electronics Company Limited (including its subsidiaries located in mainland China, collectively "**GW Electronics**") received notices from Toshiba Electronics Asia, Ltd. ("**Toshiba Asia**") and Toshiba Electronics (China) Co., Ltd. to terminate its authorised distributorship agreement. In March 2016, GW Electronics has been served with a winding-up petition issued by Toshiba Asia in connection with an alleged

outstanding amount of about US\$15.3 million which Toshiba Asia alleged was due and payable by GW Electronics. In turn, GW Electronics has filed affirmations in May 2016 to oppose and apply to strike out the winding-up petition, or in the alternative, for the court to order that the winding-up petition be stayed for arbitration. The termination in agreement and legal claim by Toshiba Asia against GW Electronics led to an impairment loss of HK\$70.1 million.

As a result, Willas-Array posted a net loss attributable to shareholders of HK\$71.6 million in FY2016, compared to attributable net profit of HK\$32.0 million in FY2015. Excluding the impairment loss of HK\$70.1 million and the share of loss on associates of HK\$38.3 million, the Group would have achieved a net attributable profit of HK\$36.8 million from its core business.

Mr Lawrence Leung, Chairman of Willas-Array, said, *“The Group was able to achieve healthy sales despite the challenging macroeconomic backdrop because we have been vigilantly monitoring market trends and responding nimbly to growth opportunities by making the best use of our engineering resources and good working relationships with our suppliers. However our bottomline was affected by the issues in relation to Toshiba Asia, which we are working hard to resolve.”*

As at 31 March 2016, the Group maintained a strong working capital of HK\$320.6 million, with a healthy cash balance of HK\$482.6 million.

Outlook

Willas-Array is cautiously optimistic that its business remains viable and sustainable despite slowing global economic growth.

Commenting on the Group’s outlook, **Mr Leung** said, *“While we expect consumer sentiment and overall demand to remain weak in the electronics industry in light of the slower growth forecast in China, we are confident of riding through this economic down cycle with the resilience we have shown throughout our past 30-year history. We will continue to fall back on our strong financial discipline and the experience of our management team and be ready to seize every opportunity and catch the upswing in the economy when it comes.”*

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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: BDR) and also on the Main Board of The Stock Exchange of Hong Kong in 2013 (SEHK: 854), Hong Kong-based Willas-Array Electronics (Holdings) Limited (“Willas-Array”) 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 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.

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