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Willas-Array posts 17.1% growth in net profit on strong sales in China

- *Recommends a first and final dividend of 1.3 Singapore cents*

Financial Highlights in HK\$'m	12 months ended 31 March		
	FY2008	FY2007	% Change
Revenue	2,548.5	2,204.6	+15.6
Gross profit	298.1	251.5	+18.5
Profit before tax	56.9	50.1	+13.4
Profit for the year	46.7	39.9	+17.1

SINGAPORE – 27 May 2008 – A thriving economy in China has boosted the full year earnings of **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.

The Company’s net profit jumped 17.1% to HK\$46.7 million for the full year ended 31 March 2008, up from HK\$39.9 million last year. Group revenue grew by 15.6%, from HK\$2.2 billion to HK\$2.5 billion.

Willas-Array’s healthy set of results was achieved amidst the US subprime market crisis which has negatively impacted the global electronic components industry.

Commenting on the Group’s FY2008 results, Willas-Array’s Chairman Mr Lawrence Leung, said, “For distributors who, to a very significant degree, are dependent on the US

export markets, they are faced with an exceedingly difficult environment due to the economic uncertainties brought on by the US subprime mortgage issue. For Willas Array, our established market position in China has, to an extent, cushioned the Group from the slowdown in the US market.”

Over the years, Willas-Array has built up a strong presence in the world’s fastest growing economy. China and Hong Kong form the backbone of Willas-Array’s growth. For FY2008, sales contributions from China rose 32.6% to HK\$1,303.8 million, while sales contributions from Hong Kong inched up 5.1% to HK\$1,124.5 million. Together, the two markets account for 95.3% of total group revenue.

“Besides higher sales in China, our strong growth in FY2008 can also be attributed to the Group’s concerted efforts in raising sales efficiency and yield per staff, as well as prudent management of an efficient sales mix that focuses on higher value products. To mitigate the negative effects that external or macroeconomic factors may have on our bottom-line growth, we have always been conscious about focusing on elements that we can influence and control, so as to drive results and protect our margins,” added Mr Leung.

Indeed, despite the increased competition in the electronic components market and the general market downturn, Willas-Array was able to better its profit margins year-on-year due to effective management of product mix. Overall gross margin notched up to 11.7%, from 11.4% in the previous year.

Based on the latest full-year results, basic earnings per share rose from 13.43 HK cents to 14.82 HK cents in FY2008. Net asset value per share increased to 122.69 HK cents as at 31 March 2008, from 115.47 HK cents as at 31 March 2007.

To reward loyal shareholders, the Directors have recommended a first and final dividend of 1.3 Singapore cents per share which, if approved at the Annual General Meeting to be held on 28 July 2008, will be paid to shareholders on 20 August 2008.

Outlook

On the outlook going forward, Mr Leung cautioned of challenging times ahead. The US subprime mortgage and high oil price issues will continue the widening ripple effect on the global economy. In China, the macro-economic measures taken to cool the overheated economy are expected to continue. Doing business in China will also become more competitive due to the pressure of an appreciating Renminbi, increase of staff cost due to new labour law, amongst other increases in operating costs.

Despite the challenges, which are expected to persist for a few more quarters at least, Mr Leung believes there are always opportunities for sustainable growth.

Willas-Array has a lot of attributes that work in its favour, and has a sound business strategy for growth. China will remain as key market for the Group as it believes that there are immense opportunities that have yet to be unlocked.

Operationally, the Group will continue to emphasise on material planning to ensure an optimal inventory level that aligns supply with demand. Likewise, Willas-Array will also continue to carry through with its tight measures on credit control.

“Amid fears of a US slowdown and the cooling of the Chinese economy, we will continue to do our best. Willas-Array has shown, over time, a track record of continued profitability despite market uncertainties, and we believe FY2009 will not be an exception. The basic tenets upon which Willas-Array has been built since establishment -- people, teamwork, integrity and honesty -- will be the same principles that guide us to ride through this trough.”

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, Qingdao, Shanghai, Chengdu, Xiamen, and Shenzhen, as well as an Application and Development

Division in 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 South Korea, Willas-Array has a subsidiary, which commenced operations in May 2002.

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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