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WILLAS-ARRAY
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)

UPDATE ON
(I) ANNUAL RESULTS FOR THE YEAR ENDED MARCH 31, 2022;
AND
(II) THE COMPANY'S ANNUAL GENERAL MEETING

References are made to (i) the announcement of Willas-Array Electronics (Holdings) Limited (the “Company”) dated May 27, 2022 in relation to the unaudited annual results of the Company and its subsidiaries (the “Group”) for the year ended March 31, 2022 (the “Unaudited Results Announcement”); and (ii) the announcement of the Company dated June 2, 2022 in relation to the Company’s application to the SGX-ST for extensions of time to hold the Company’s annual general meeting and issue the Company’s sustainability report. Capitalised terms used herein, unless otherwise defined, shall have the same meanings as those defined in the Unaudited Results Announcement.

AUDITOR’S AGREEMENT ON THE FY2022 ANNUAL RESULTS

The Board is pleased to announce that the Company’s independent auditor, Messrs. Deloitte Touche Tohmatsu, Hong Kong, has completed its audit of the annual results of the Group for the year ended March 31, 2022 (the “FY2022 Annual Results”) in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the “IAASB”). The FY2022 Annual Results remain the same as the unaudited annual results contained in the Unaudited Results Announcement. The independent auditor’s report is attached as Appendix to this announcement. The FY2022 Annual Results together with the comparative figures for the year ended March 31, 2021 are as follows:

AUDITED FY2022 ANNUAL RESULTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended March 31, 2022

	NOTES	2022 HK\$'000	2021 HK\$'000	Change %
Revenue	3	3,425,832	3,557,935	-3.7
Cost of sales		(3,091,042)	<u>(3,224,334)</u>	-4.1
Gross profit		334,790	333,601	+0.4
Other income		2,803	9,667	-71.0
Distribution costs		(28,871)	(37,469)	-22.9
Administrative expenses		(189,070)	(186,915)	+1.2
Other gains and losses		808	15,323	-94.7
Impairment losses reversed (recognised) under expected credit loss ("ECL") model, net		4,461	(10,141)	NM
Gain on fair value change of investment property		439	1,312	-66.5
Finance costs		(17,286)	<u>(19,046)</u>	-9.2
Profit before tax		108,074	106,332	+1.6
Income tax expense	4	(25,882)	<u>(13,849)</u>	+86.9
Profit for the year	5	82,192	<u>92,483</u>	-11.1

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – continued

For the year ended March 31, 2022

	<i>NOTE</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	Change <i>%</i>
Other comprehensive income:				
<i>Items that will not be reclassified to profit or loss:</i>				
– Gain on revaluation of owned properties		18,647	–	NM
– Income tax relating to gain recognised in other comprehensive income		(3,292)	–	NM
		15,355	–	NM
<i>Item that may be reclassified subsequently to profit or loss:</i>				
– Exchange differences arising from translation of foreign operations		10,746	22,984	–53.2
Other comprehensive income for the year		26,101	22,984	+13.6
Total comprehensive income for the year attributable to owners of the Company		108,293	115,467	–6.2
Earnings per share	13			
– Basic (HK cents)		96.33	108.54	–11.2
– Diluted (HK cents)		95.02	108.54	–12.5

NM – Not Meaningful

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2022

	<i>NOTES</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	6	284,293	270,142
Right-of-use assets		16,093	18,201
Investment property		9,951	9,512
Club debentures		2,001	2,001
Interest in an associate		–	–
Financial assets measured at fair value through other comprehensive income ("FVTOCI")		–	–
Long-term deposits		4,459	3,891
Deferred tax assets		503	624
Restricted bank deposits		–	2,378
		<hr/>	<hr/>
Total non-current assets		317,300	306,749
Current assets			
Inventories		360,393	259,783
Trade receivables	7	862,816	844,049
Other receivables, deposits and prepayments		6,706	8,273
Income tax recoverable		4,567	4,574
Derivative financial instruments		–	434
Restricted bank deposits		2,457	–
Cash and cash equivalents		327,673	216,923
		<hr/>	<hr/>
Total current assets		1,564,612	1,334,036
		<hr/>	<hr/>
Total assets		1,881,912	1,640,785
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – continued

As at March 31, 2022

	<i>NOTES</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current liabilities			
Trade payables	9	389,528	349,349
Other payables		41,456	48,275
Contract liabilities		9,632	8,846
Income tax payable		5,204	6,101
Trust receipt loans		486,359	344,493
Bank borrowings		124,434	146,647
Derivative financial instruments		579	539
Lease liabilities		7,988	6,514
		<hr/>	<hr/>
Total current liabilities		1,065,180	910,764
		<hr/>	<hr/>
Net current assets		499,432	423,272
		<hr/>	<hr/>
Total assets less current liabilities		816,732	730,021
		<hr/>	<hr/>
Capital and reserves			
Share capital	10	85,777	85,207
Reserves		684,789	601,894
		<hr/>	<hr/>
Equity attributable to owners of the Company		770,566	687,101
		<hr/>	<hr/>
Non-current liabilities			
Deferred tax liabilities		38,154	31,652
Lease liabilities		8,012	11,268
		<hr/>	<hr/>
Total non-current liabilities		46,166	42,920
		<hr/>	<hr/>
Total liabilities and equity		1,881,912	1,640,785
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2022

	Attributable to owners of the Company								Total HK\$'000
	Share capital HK\$'000	Capital reserves HK\$'000 <i>(Note i)</i>	Statutory reserve HK\$'000 <i>(Note ii)</i>	Property revaluation reserve HK\$'000	Currency translation reserve HK\$'000	Financial assets measured at FVTOCI reserve HK\$'000	Other reserve HK\$'000 <i>(Note iii)</i>	Accumulated profits HK\$'000	
At April 1, 2020	85,207	193,458	20,874	122,585	(12,132)	(16,448)	(3,561)	180,725	570,708
Total comprehensive income for the year:									
Profit for the year	-	-	-	-	-	-	-	92,483	92,483
Other comprehensive income for the year	-	-	-	-	22,984	-	-	-	22,984
Total	-	-	-	-	22,984	-	-	92,483	115,467
Transactions with owners, recognised directly in equity:									
Share options forfeited	-	(129)	-	-	-	-	-	129	-
Recognition of equity-settled share-based payments <i>(Note 11)</i>	-	926	-	-	-	-	-	-	926
Transfer from property revaluation reserve	-	-	-	(5,144)	-	-	-	5,144	-
Transfer of statutory reserve	-	-	2,100	-	-	-	-	(2,100)	-
Total	-	797	2,100	(5,144)	-	-	-	3,173	926
At March 31, 2021	<u>85,207</u>	<u>194,255</u>	<u>22,974</u>	<u>117,441</u>	<u>10,852</u>	<u>(16,448)</u>	<u>(3,561)</u>	<u>276,381</u>	<u>687,101</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – continued

For the year ended March 31, 2022

	Attributable to owners of the Company									
	Share capital	Capital reserves	Statutory reserve	Property revaluation reserve	Currency translation reserve	Financial assets measured at			Accumulated profits	Total
						FVTOCI reserve	Other reserve	Total		
<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Note i)</i>	<i>HK\$'000</i> <i>(Note ii)</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Note iii)</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
At April 1, 2021	85,207	194,255	22,974	117,441	10,852	(16,448)	(3,561)	276,381	687,101	
Total comprehensive income for the year:										
Profit for the year	-	-	-	-	-	-	-	82,192	82,192	
Other comprehensive income for the year	-	-	-	15,355	10,746	-	-	-	26,101	
Total	-	-	-	15,355	10,746	-	-	82,192	108,293	
Transactions with owners, recognised directly in equity:										
Exercise of share options	570	918	-	-	-	-	-	-	1,488	
Recognition of equity-settled share-based payments <i>(Note 11)</i>	-	1,802	-	-	-	-	-	-	1,802	
Dividend paid <i>(Note 12)</i>	-	-	-	-	-	-	-	(28,118)	(28,118)	
Transfer from property revaluation reserve	-	-	-	(5,144)	-	-	-	5,144	-	
Transfer of statutory reserve	-	-	5,108	-	-	-	-	(5,108)	-	
Total	570	2,720	5,108	(5,144)	-	-	-	(28,082)	(24,828)	
At March 31, 2022	85,777	196,975	28,082	127,652	21,598	(16,448)	(3,561)	330,491	770,566	

Notes:

- (i) Capital reserves comprise share premium, contributed surplus and share options reserve. Contributed surplus represents the difference between the underlying net tangible assets of the subsidiaries which were acquired by the Company at the date of the group reorganisation in 2001 and the nominal amount of the shares issued by the Company under the reorganisation.
- (ii) The statutory reserve is non-distributable and was appropriated from profit after tax of the Company's subsidiaries in the People's Republic of China (the "PRC") and Taiwan under the respective laws and regulations of the PRC and Taiwan.
- (iii) Other reserve comprises a debit amount of HK\$3,561,000 and represents the difference between the fair value of the consideration paid and the carrying amount of the net assets attributable to the additional interest in certain then subsidiaries acquired during the year ended March 31, 2017.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Operating activities		
Profit before tax	108,074	106,332
Adjustments for:		
Depreciation of property, plant and equipment	14,127	14,010
Depreciation of right-of-use assets	8,401	12,276
Interest expense on bank borrowings and trust receipt loans	16,726	18,533
Interest expense on lease liabilities	560	513
Share-based payment expense	1,802	926
Reversal of allowance for inventories	–	(32,962)
Impairment losses (reversed) recognised under ECL model, net	(4,461)	10,141
(Gain) loss on disposal of property, plant and equipment	(6)	1,366
Gain on fair value change of investment property	(439)	(1,312)
Net loss (gain) on fair value changes of derivative financial instruments	473	(1,140)
Gain on lease modification	–	(109)
Unrealised exchange gain	(3,170)	(21,771)
Interest income	(487)	(501)
Operating cash flows before movements in working capital	141,600	106,302
(Increase) decrease in inventories	(99,471)	151,618
Increase in trade receivables	(66,705)	(173,973)
Decrease (increase) in other receivables, deposits and prepayments	1,455	(3,698)
(Increase) decrease in long-term deposits	(484)	1,586
Increase in trade payables	35,039	40,897
(Decrease) increase in other payables	(8,197)	23,240
Increase in contract liabilities	648	3,747
Cash generated from operations	3,885	149,719
Income tax (paid) refund	(24,038)	401
Interest paid	(15,974)	(20,954)
Interest received	487	501
Net cash (used in) generated from operating activities	(35,640)	129,667

CONSOLIDATED STATEMENT OF CASH FLOWS – continued

For the year ended March 31, 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Investing activities		
Purchase of property, plant and equipment	(4,036)	(1,500)
Withdrawal of restricted bank deposits	–	2,231
Proceeds from disposal of property, plant and equipment	75	347
	<u> </u>	<u> </u>
Net cash (used in) generated from investing activities	(3,961)	1,078
	<u> </u>	<u> </u>
Financing activities		
Dividend paid to shareholders	(28,118)	–
Proceeds from exercise of share options	1,488	–
Repayments of trust receipt loans	(2,614,040)	(2,639,917)
Proceeds from trust receipt loans	2,754,626	2,512,405
Repayments of bank borrowings	(603,282)	(812,057)
Proceeds from bank borrowings	647,383	770,109
Repayments of lease liabilities	(8,615)	(12,807)
	<u> </u>	<u> </u>
Net cash generated from (used in) financing activities	149,442	(182,267)
	<u> </u>	<u> </u>
Net increase (decrease) in cash and cash equivalents	109,841	(51,522)
Cash and cash equivalents at beginning of the year	216,923	264,839
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	909	3,606
	<u> </u>	<u> </u>
Cash and cash equivalents at end of the year	<u><u>327,673</u></u>	<u><u>216,923</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2022

1. GENERAL INFORMATION

The Company was incorporated in Bermuda on August 3, 2000 as an exempted company with limited liability under the Companies Act 1981 of Bermuda with its registered office at Victoria Place, 5/F, 31 Victoria Street, Hamilton HM10, Bermuda. Its principal place of business is located at 24/F, Wyler Centre, Phase 2, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong. The issued ordinary shares of the Company are listed and traded on the Main Board of Singapore Exchange Securities Trading Limited (the “SGX-ST”) and the Main Board of The Stock Exchange of Hong Kong Limited (the “SEHK”). The consolidated financial statements of the Group are presented in Hong Kong dollars which is also the functional currency of the Company. All values are rounded to the nearest thousand except otherwise indicated.

The principal activity of the Company is investment holding and the Company’s subsidiaries are principally engaged in the trading of electronic components.

2. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from the application of amendments to International Financial Reporting Standards (“IFRS Standards”) issued by the International Accounting Standards Board (the “IASB”), the accounting policies and methods of computation used in the consolidated financial statements for the year ended March 31, 2022 are the same as those presented in the Group’s annual financial statements for the year ended March 31, 2021.

Application of new and amendments to IFRS Standards

In the current year, the Group has applied the following amendments to IFRS Standards issued by the IASB for the first time, which are mandatorily effective for the Group’s annual period beginning on or after April 1, 2021 for the preparation of the Group’s consolidated financial statements:

Amendments to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond June 30, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

2. PRINCIPAL ACCOUNTING POLICIES – continued

Application of new and amendments to IFRS Standards – continued

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee of the IASB issued in June, 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

The application of the amendments to IFRS Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. SEGMENT INFORMATION

The Group is engaged in the trading of electronic components. Information reported to the executive directors of the Company, being the Group’s chief operating decision maker (the “CODM”) for the purposes of resource allocation and assessment of performance is based on geographical locations as follows:

- Southern China Region;
- Northern China Region; and
- Taiwan

In addition, the CODM also reviews revenue by customers’ market industries.

The CODM focuses on reportable segment profit which is gross profit earned by each segment. Other income, distribution costs, administrative expenses, other gains and losses, impairment losses reversed (recognised) under ECL model, net, gain on fair value change of investment property and finance costs are excluded from segment results.

No operating segments have been aggregated in arriving at the reportable segments of the Group.

3. SEGMENT INFORMATION – continued

The following is an analysis of the Group's revenue and results by reportable and operating segments:

Year ended March 31, 2022

	Trading of electronic components					Total HK\$'000
	Southern China Region HK\$'000	Northern China Region HK\$'000	Taiwan HK\$'000	Sub-total HK\$'000	Elimination HK\$'000	
Revenue						
Sales – external	1,692,024	1,648,152	85,656	3,425,832	–	3,425,832
Sales – inter-company	1,065,612	451,162	208	1,516,982	(1,516,982)	–
	<u>2,757,636</u>	<u>2,099,314</u>	<u>85,864</u>	<u>4,942,814</u>	<u>(1,516,982)</u>	<u>3,425,832</u>
Cost of sales	(2,584,214)	(1,947,684)	(76,126)	(4,608,024)	1,516,982	(3,091,042)
Gross profit/segment results	<u>173,422</u>	<u>151,630</u>	<u>9,738</u>	<u>334,790</u>	<u>–</u>	<u>334,790</u>
Other income						2,803
Distribution costs						(28,871)
Administrative expenses						(189,070)
Other gains and losses						808
Impairment losses reversed under ECL model, net						4,461
Gain on fair value change of investment property						439
Finance costs						<u>(17,286)</u>
Profit before tax						108,074
Income tax expense						<u>(25,882)</u>
Profit attributable to owners of the Company						<u>82,192</u>

3. SEGMENT INFORMATION – continued

Year ended March 31, 2021

	Trading of electronic components					Total HK\$'000
	Southern	Northern	Taiwan	Sub-total	Elimination	
	China Region HK\$'000	China Region HK\$'000				
Revenue						
Sales – external	1,831,302	1,651,848	74,785	3,557,935	–	3,557,935
Sales – inter-company	574,967	444,120	90	1,019,177	(1,019,177)	–
	2,406,269	2,095,968	74,875	4,577,112	(1,019,177)	3,557,935
Cost of sales	(2,233,099)	(1,943,496)	(66,916)	(4,243,511)	1,019,177	(3,224,334)
Gross profit/segment results	<u>173,170</u>	<u>152,472</u>	<u>7,959</u>	<u>333,601</u>	<u>–</u>	333,601
Other income						9,667
Distribution costs						(37,469)
Administrative expenses						(186,915)
Other gains and losses						15,323
Impairment losses recognised under ECL model, net						(10,141)
Gain on fair value change of investment property						1,312
Finance costs						<u>(19,046)</u>
Profit before tax						106,332
Income tax expense						<u>(13,849)</u>
Profit attributable to owners of the Company						<u>92,483</u>

The management monitors the Group's assets and liabilities in one pool, which is more efficient and effective. Accordingly, no segment assets and liabilities information was presented to the CODM.

4. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
The income tax charge comprises:		
Current tax:		
– Hong Kong	5,794	2,213
– PRC Enterprise Income Tax (“EIT”)	15,659	11,076
– Taiwan	1,028	699
– Taiwan withholding tax on dividends	431	539
	<u>22,912</u>	<u>14,527</u>
Under (over) provision in respect of prior year:		
– Hong Kong	171	(1,229)
– PRC EIT	39	(157)
– Taiwan	(88)	(5)
	<u>122</u>	<u>(1,391)</u>
Deferred tax:		
– Current year	2,848	713
	<u>25,882</u>	<u>13,849</u>

Under the two-tiered profits tax rates regime, the Company was subject to Hong Kong Profits Tax at the rate of 8.25% for the first HK\$2,000,000 of assessable profits, and the remaining profits at 16.5%. Subsidiaries of the Company incorporated in Hong Kong were subject to Hong Kong Profits Tax at the rate of 16.5% for the years ended March 31, 2022 and 2021.

Under the Law of the PRC on EIT (the “EIT Law”) and the Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. The tax rate of the Taiwan subsidiary is 20%.

5. PROFIT FOR THE YEAR

Profit for the year has been arrived at or after charging (crediting):

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cost of inventories recognised as expenses (<i>Note i</i>)	3,091,042	3,224,334
Depreciation of property, plant and equipment	14,127	14,010
Depreciation of right-of-use assets	8,401	12,276
Directors' emoluments (<i>Note ii</i>)	11,758	11,071
(Gain) loss on disposal of property, plant and equipment	(6)	1,366
Audit fees paid to auditors		
Auditor of the Company	2,185	2,100
Other auditors	152	145
Non-audit fees paid to auditor		
Auditor of the Company	726	708
Staff costs (excluding directors' emoluments) (<i>Note ii</i>)	117,568	124,585
Net foreign exchange gain	(1,275)	(15,549)
Net loss (gain) on fair value changes of derivative financial instruments	473	(1,140)
Share-based payment expense	1,802	926
Interest income from bank deposits	(487)	(501)
Interest expense on borrowings	16,726	18,533
(Reversal of) impairment losses under ECL model recognised on trade receivables	(4,613)	9,114
Government grant	(841)	(7,836)
	<u> </u>	<u> </u>

Notes:

- (i) During the year ended March 31, 2022, the amount did not include any reversal of allowance for inventories (2021: HK\$32,962,000).
- (ii) During the year ended March 31, 2022, cost of defined contribution plans amounting to HK\$15,389,000 (2021: HK\$9,117,000) was included in staff costs and directors' emoluments.

6. PROPERTY, PLANT AND EQUIPMENT

During the current year, the Group acquired property, plant and equipment of HK\$4,036,000 (2021: HK\$12,343,000). In addition, the Group disposed of certain property, plant and equipment with a carrying amount of HK\$69,000 (2021: HK\$1,713,000), resulting in a gain of HK\$6,000 (2021: loss of HK\$1,366,000).

7. TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	904,535	890,362
Less: allowance for credit losses	<u>(41,719)</u>	<u>(46,313)</u>
	<u>862,816</u>	<u>844,049</u>

The Group allows a credit period of 30 to 120 days (2021: 30 to 120 days) to its trade customers.

The following is an aging analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date, which is the same as revenue recognition date or based on bills issuance date, at the end of the reporting periods:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 60 days	574,161	516,550
61 to 90 days	164,883	171,679
Over 90 days	<u>123,772</u>	<u>155,820</u>
	<u>862,816</u>	<u>844,049</u>

8. TRANSFER OF FINANCIAL ASSETS

As at March 31, 2022, the Group's trade receivables amounting to HK\$43,217,000 (2021: HK\$46,846,000) were transferred to banks by discounting those trade receivables and bills received on a full recourse basis. As the Group had not transferred the significant risks and rewards relating to these receivables, it had continued to recognise the full carrying amount of the receivables and had recognised the cash received on the transfer as secured borrowings amounting to HK\$36,845,000 (2021: HK\$41,647,000).

9. TRADE PAYABLES

The following is an aging analysis of trade payables presented based on the invoice date at the end of the reporting periods:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	281,386	236,751
31 to 60 days	108,142	112,598
	389,528	349,349

10. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$1.00 each		
Authorised		
At April 1, 2020, April 1, 2021 and March 31, 2022	120,000	120,000
Issued and paid up		
At April 1, 2020 and April 1, 2021	85,207	85,207
Exercise of share options	570	570
At March 31, 2022	85,777	85,777

The Company has no treasury shares.

11. SHARE-BASED PAYMENTS

The Company had on July 30, 2013 adopted the Willas-Array Electronics Employee Share Option Scheme III (“ESOS III”) to grant share options to eligible employees, including the executive directors of the Company and its subsidiaries.

On December 2, 2020, the Company granted share options exercisable for 3,835,000 ordinary shares of HK\$1.00 each of the Company to certain eligible employees under ESOS III with an exercise price of HK\$2.61 per share. The period for the exercise of the share options commenced after the first anniversary of the date of grant and will expire on the tenth anniversary of such date of grant. The total estimated fair value of the share options as at the date of grant was approximately HK\$2,817,000.

During the year ended March 31, 2022, share options holders under ESOS III exercised part of their share options and subscribed for 570,000 shares of HK\$1.00 each of the Company at an exercise price of HK\$2.61 per share. The weighted average closing price of the Company’s shares immediately before the dates on which the options were exercised was HK\$3.98 per share.

The table below discloses movement of the Company’s share options granted under ESOS III:

	Number of share options
Unexercised share options for ordinary shares at April 1, 2020	907,500
Granted during the year	3,835,000
Forfeited during the year	<u>(165,500)</u>
Unexercised share options for ordinary shares at April 1, 2021	4,577,000
Forfeited during the year	(70,000)
Exercised during the year	<u>(570,000)</u>
Unexercised share options for ordinary shares at March 31, 2022	<u><u>3,937,000</u></u>

11. SHARE-BASED PAYMENTS – continued

Fair values of the share options granted under ESOS III were calculated using the Binomial option pricing model. The inputs into the model were as follows:

	ESOS III December 2, 2020	ESOS III July 17, 2017
Grant date		
Share price at valuation date	HK\$2.25	HK\$4.07
Exercise price	HK\$2.61	HK\$4.30
Expected volatility	35.49%	48.41%
Risk-free rate	0.59%	1.49%
Expected dividend yield	0.00%	7.62%
Expected life	10 years	10 years
Exercisable period	9 years	9 years
Vesting period	1 year	1 year
Fair value per share option	HK\$0.73	HK\$1.23

During the year ended March 31, 2022, share-based payment expense of HK\$1,802,000 (2021: HK\$926,000) had been recognised in profit or loss.

12. DIVIDEND

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Dividend recognised as distribution during the year:		
2021 – Final HK33.0 cents per share	<u>28,118</u>	<u>–</u>

On August 27, 2021, a one-tier tax exempt final dividend of HK33.0 cents per share, in an aggregate amount of HK\$28,118,000, was paid to the shareholders of the Company (the “Shareholders”) in respect of the financial year ended March 31, 2021.

In respect of the year ended March 31, 2022, the Board has recommended that a one-tier tax exempt final dividend of HK33.0 cents per share and a one-tier tax exempt special dividend of HK40.0 cents per share be paid to the Shareholders. These dividends will be subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company (the “2022 AGM”) and has not been included as a liability in these financial statements. The estimated total dividend to be paid is HK\$62,960,000.

13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following:

	Group Figures			
	2022		2021	
	Basic HK\$'000	Diluted HK\$'000	Basic HK\$'000	Diluted HK\$'000
Profit attributable to owners of the Company	<u>82,192</u>	<u>82,192</u>	<u>92,483</u>	<u>92,483</u>
	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of ordinary shares	85,325,912	85,325,912	85,207,049	85,207,049
Adjustment for dilutive potential ordinary shares	<u>–</u>	<u>1,178,201</u>	<u>–</u>	<u>N/A</u>
Weighted average number of ordinary shares used to compute earnings per share	<u>85,325,912</u>	<u>86,504,113</u>	<u>85,207,049</u>	<u>85,207,049</u>
Earnings per share (HK cents)	<u>96.33</u>	<u>95.02</u>	<u>108.54</u>	<u>108.54</u>

The computation of diluted earnings per share for the year ended March 31, 2022 did not assume the exercise of certain of share options (2021: all share options) granted by the Company since the exercise price of those share options was higher than the average market price of the shares for the year.

14. NET ASSET VALUE

The net asset value per ordinary share on each of the Group and Company level is shown below:

	Group Figures		Company Figures	
	2022	2021	2022	2021
Net asset value per ordinary share based on the number of issued shares of the Company at the end of the year (HK cents)	<u>898.34</u>	<u>806.39</u>	<u>515.77</u>	<u>472.31</u>

The net asset backing per ordinary share as at March 31, 2022 was based on a total of 85,777,049 (2021: 85,207,049) issued ordinary shares.

15. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

As at March 31, 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets		
Amount due from a subsidiary	33,814	33,814
Interests in subsidiaries	<u>162,165</u>	<u>157,024</u>
Total non-current assets	<u>195,979</u>	<u>190,838</u>
Current assets		
Amounts due from subsidiaries	249,381	213,604
Deposits and prepayments	17	17
Income tax recoverable	101	–
Cash and cash equivalents	<u>3,588</u>	<u>976</u>
Total current assets	<u>253,087</u>	<u>214,597</u>
Total assets	<u><u>449,066</u></u>	<u><u>405,435</u></u>
Current liabilities		
Other payables	1,510	947
Income tax payable	–	63
Financial guarantee liabilities	<u>5,141</u>	<u>1,981</u>
Total current liabilities	<u>6,651</u>	<u>2,991</u>
Net current assets	<u>246,436</u>	<u>211,606</u>
Total assets less current liabilities	<u>442,415</u>	<u>402,444</u>
Capital and reserves		
Share capital	85,777	85,207
Reserves	<u>356,638</u>	<u>317,237</u>
Equity attributable to owners of the Company	<u>442,415</u>	<u>402,444</u>
Total liabilities and equity	<u><u>449,066</u></u>	<u><u>405,435</u></u>

16. INFORMATION ABOUT THE STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

For the year ended March 31, 2022

	Share capital	Capital reserves	Accumulated profits	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At April 1, 2020	85,207	193,458	84,747	363,412
Profit for the year, representing total comprehensive income for the year	–	–	38,106	38,106
Transactions with owners, recognised directly in equity:				
Share options forfeited	–	(129)	129	–
Recognition of equity-settled share-based payments (<i>Note 11</i>)	–	926	–	926
Total	–	797	129	926
At March 31, 2021	85,207	194,255	122,982	402,444
Profit for the year, representing total comprehensive income for the year	–	–	64,799	64,799
Transactions with owners, recognised directly in equity:				
Exercise of share options	570	918	–	1,488
Recognition of equity-settled share-based payments (<i>Note 11</i>)	–	1,802	–	1,802
Dividend paid (<i>Note 12</i>)	–	–	(28,118)	(28,118)
Total	570	2,720	(28,118)	(24,828)
At March 31, 2022	85,777	196,975	159,663	442,415

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's revenue for the year ended March 31, 2022 ("FY2022") decreased slightly by 3.7% as compared to the year ended March 31, 2021 ("FY2021") whereas gross profit margin increased over the same period from 9.4% to 9.8% mainly due to the persistent imbalance between the supply and demand of electronics components.

Gross profit of the Group was flat year-on-year ("YOY") but due to lower overall expenses as a result of the Group's effort to curb spending and reduce warehouse rental expenses by keeping the inventory at appropriate levels, profit before tax increased by 1.6% from HK\$106.3 million in FY2021 to HK\$108.1 million in FY2022.

Revenue

The Group registered a 3.7% YOY reduction in revenue from HK\$3,557.9 million in FY2021 to HK\$3,425.8 million in FY2022. This was because of stronger sales in the second half of FY2021 due to pandemic-fueled demand for home appliances and consumer electronic goods as more people worked from home during that period as compared to the same period in FY2022.

In FY2022, there was also a widening global shortage in semiconductor chips caused by a demand-supply imbalance, which had dragged on for more than a year due to supply chain disruptions and overwhelming demand. This led to a decrease in revenue from certain segments, including Electronic Manufacturing Services ("EMS") and Dealer segments, due to demand not being able to be fully fulfilled despite the Group's best efforts to co-ordinate between suppliers and customers. In addition, some segments also suffered from component shortage and weak application demand during the period under review.

In spite of the supply chain challenges, the Group was able to achieve stability for its top three revenue generating segments in FY2022 with the Automotive segment recording a strong 11.7% YOY growth in sales, though Home Appliance and Industrial segments slightly dipped 0.3% and 3.7%, respectively.

Revenue by Market Segment Analysis

	FY2022		FY2021		Increase/(Decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Industrial	1,010,422	29.5%	1,049,738	29.5%	(39,316)	-3.7%
Automotive	710,758	20.7%	636,418	17.9%	74,340	11.7%
Home Appliance	660,797	19.3%	662,802	18.6%	(2,005)	-0.3%
Audio and Video	238,855	7.0%	242,741	6.8%	(3,886)	-1.6%
Dealer	218,577	6.4%	261,632	7.4%	(43,055)	-16.5%
Telecommunications	213,945	6.2%	244,453	6.9%	(30,508)	-12.5%
EMS	163,241	4.8%	235,639	6.6%	(72,398)	-30.7%
Lighting	118,753	3.5%	135,958	3.8%	(17,205)	-12.7%
Others	90,484	2.6%	88,554	2.5%	1,930	2.2%
	<u>3,425,832</u>	<u>100.0%</u>	<u>3,557,935</u>	<u>100.0%</u>	<u>(132,103)</u>	<u>-3.7%</u>

Industrial

The Industrial segment is the largest revenue contributor to the Group. It recorded revenue of HK\$1,010.4 million in FY2022, representing a YOY decrease of 3.7% as compared to FY2021. This was due to the shortage of components for the segment's applications in power supply, DIY tools, motor application and LCD modules, which could not fulfil the pandemic-led demand for consumer electronics products and small home appliances as a result of stay-at-home lifestyle.

In the long term, the Group will continue to devote resources to creating new applications that will support power saving and energy efficiency features as part of the overall trend towards achieving carbon neutrality.

Automotive

The Automotive segment achieved YOY revenue growth of 11.7% to HK\$710.8 million in FY2022, as compared to FY2021. This made the Automotive segment the second largest revenue contributor in FY2022, leapfrogging the position previously occupied by the Group's Home Appliance segment for the first time. It was also the first time that the revenue from the Automotive segment constituted over 20% of the Group's total revenue, which affirmed our strategy of focusing our resources on this growth segment. Given the substantial growth opportunities in the automotive sector, especially in the development of electric vehicles, the Group will continue to allocate resources to this segment.

Home Appliance

The Home Appliance segment recorded a revenue of HK\$660.8 million in FY2022, representing a slight drop of 0.3% as compared to FY2021. Due to the global shortage of components, the Home Appliance segment was not able to keep up with escalating demand from exports and domestic consumption as home appliances increasingly come with more features and higher energy efficiency requirements which need more semiconductor chips.

Audio and Video

Revenue from the Audio and Video segment was HK\$238.9 million in FY2022, representing a decrease of 1.6% as compared to FY2021. This segment continued to benefit from the gaming and in-house entertainment under the new normal of stay-at-home and work-from-home lifestyle. Like the Home Appliance segment, the Audio and Video segment was not able to cope with the strong demand given the global shortage of components. Nevertheless, the Audio and Video segment managed to obtain adequate supply for the major players in this industry.

Dealer

Revenue from the Dealer segment was HK\$218.6 million in FY2022, representing a drop of 16.5% as compared to FY2021. Although the demand from this segment was strong, revenue performance was affected by the prioritisation and allocation of semiconductor chips available to key growth industries. However, to maintain the Group's relationships with dealer partners, we were able to fulfill at least their minimum requirements due to the Group's strong relationship with suppliers.

Telecommunications

Revenue from the Telecommunications segment fell 12.5% YOY to HK\$213.9 million in FY2022 as the global demand for smartphones continued to be weak during the period under review. The Group will monitor the performance of this segment closely and may consider redeploying its resources to other segments.

EMS

The EMS segment recorded a significant YOY decline in revenue of 30.7% to HK\$163.2 million in FY2022. Its revenue performance was affected by the prioritisation and allocation of semiconductor chips available to key growth industries given the global shortage of components. Although the Group had strived and will continue to strive to allocate resources to meet the minimum requirements of its customers in this segment, a meaningful improvement can only be achieved upon the restoration of the demand-supply balance.

Lighting

Revenue from the Lighting segment declined 12.7% YOY to HK\$118.8 million in FY2022. Although the Lighting segment benefited from the stay-at-home trend and the resumption of economic activities, the global shortage of components impacted the growth in business and revenue.

Others

The Others segment contributed revenue of HK\$90.5 million in FY2022, representing an increase of 2.2% as compared to FY2021 due to the global shortage of components. The Group will continue to monitor and identify upcoming electronic trends to secure future growth of this segment.

Gross Profit Margin

The Group's gross profit margin increased from 9.4% in FY2021 to 9.8% in FY2022 mainly due to the persistent imbalance between the supply and demand of electronics components arising out of the global shortage of supply of semiconductor chips.

Other Income

Other income decreased by HK\$6.9 million, or 71.0%, from HK\$9.7 million in FY2021 to HK\$2.8 million in FY2022 mainly due to the non-recurring subsidy of HK\$6.9 million from the Hong Kong government's Employment Support Scheme, which was recognised in FY2021. No such income was received in FY2022.

Distribution Costs

Distribution costs decreased by HK\$8.6 million, or 22.9%, from HK\$37.5 million in FY2021 to HK\$28.9 million in FY2022. The decrease was mainly due to lower sales incentive expense and transportation cost. Furthermore, there was an overprovision adjustment of incentive provision for FY2021 being recorded in FY2022.

Administrative Expenses

Administrative expenses increased slightly by HK\$2.2 million, or 1.2%, from HK\$186.9 million in FY2021 to HK\$189.1 million in FY2022. This was mainly due to the net effect of (i) no reduction and exemption of corporate social insurance premiums was granted by the Chinese government during FY2022 whereas a reduction and exemption of such insurance premiums was granted in FY2021 which covered the period from February 1, 2020 to December 31, 2020; and (ii) lower lease expenses due to less warehouse space being rented in Hong Kong by keeping the inventory at appropriate level.

Other Gains and Losses

Other gains of HK\$0.8 million in FY2022 (FY2021: HK\$15.3 million) were due to exchange gain mainly arising from the appreciation of Renminbi ("RMB").

Impairment Losses Reversed (Recognised) Under ECL Model, Net

Reversal of impairment losses of HK\$4.5 million in FY2022 (FY2021: Impairment losses of HK\$10.1 million) mainly represented the reversal of impairment losses on trade receivables.

Finance Costs

The finance costs which represented interest expenses on trust receipt loans and bank borrowings and interest on lease liabilities decreased by HK\$1.7 million, or 9.2%, from HK\$19.0 million in FY2021 to HK\$17.3 million in FY2022. This was mainly due to the decrease in interest expenses on bank borrowings.

LIQUIDITY AND FINANCIAL RESOURCES

Financial Position

As compared to as at March 31, 2021, trust receipt loans increased by HK\$141.9 million as at March 31, 2022 mainly due to the increased purchases during the period under review.

Trade payables increased from HK\$349.3 million as at March 31, 2021 to HK\$389.5 million as at March 31, 2022. Trade receivables as at March 31, 2022 increased by HK\$18.8 million as compared to as at March 31, 2021, due to the increased sales revenue towards the end of the current year when compared with the sales revenue towards March 31, 2021. The debtors turnover days were 3.1 months as at March 31, 2022 (March 31, 2021: 2.9 months).

As at March 31, 2022, the Group's current ratio (current assets divided by current liabilities) was 1.47 (March 31, 2021: 1.46).

Inventories

Inventories increased from HK\$259.8 million as at March 31, 2021 to HK\$360.4 million as at March 31, 2022. The inventory turnover days increased from 1.0 month as at March 31, 2021 to 1.4 months as at March 31, 2022.

Cash Flow

As at March 31, 2022, the Group had a working capital of HK\$499.4 million which included a cash balance of HK\$327.7 million, compared to a working capital of HK\$423.3 million which included a cash balance of HK\$216.9 million as at March 31, 2021. The increase in cash of HK\$110.8 million was primarily attributable to the net effect of cash inflow of HK\$149.4 million generated from financing activities and cash outflow of HK\$35.6 million used in operating activities. The Group's cash balance was mainly denominated in US dollars ("USD"), RMB and Hong Kong dollars ("HKD").

Cash inflow generated from financing activities was mainly attributable to the increases in trust receipt loans and bank borrowings to finance the increased purchases towards March 31, 2022 when compared with the purchases towards March 31, 2021.

Cash outflow in operating activities was mainly due to the net effect of the increase in operating cash flows before movement in working capital and the increases in inventories and trade receivables.

Borrowings and Banking Facilities

As at March 31, 2022, the Group had bank borrowings of HK\$124.4 million which were repayable within one year. Among the Group's bank borrowings, 71.0% was denominated in HKD and 29.0% was denominated in USD. As at March 31, 2022, the fixed-rate bank borrowings and the variable-rate bank borrowings accounted for 83.5% and 16.5%, respectively. The fixed-rate bank borrowings bore interest at a weighted average effective rate of 2.60% per annum while variable-rate bank borrowings bore interest at a weighted average effective rate of 1.85% per annum.

As at March 31, 2022, trust receipt loans of HK\$486.4 million were unsecured and repayable within one year and bore interest at a weighted average effective rate of 2.94% per annum. The trust receipt loans were denominated in USD. As at March 31, 2022, the Group had unutilised banking facilities of HK\$980.1 million (March 31, 2021: HK\$1,018.3 million).

The aggregate amount of the Group's borrowings and debt securities were as follows:

Amount repayable in one year or less, or on demand

As at March 31, 2022		As at March 31, 2021	
Secured	Unsecured	Secured	Unsecured
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
49,434	561,359	41,647	449,493

Amount repayable after one year

As at March 31, 2022		As at March 31, 2021	
Secured	Unsecured	Secured	Unsecured
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
–	–	–	–

As at March 31, 2022, the Group's trade receivables amounting to HK\$43.2 million (March 31, 2021: HK\$46.8 million) were transferred to banks by discounting those trade receivables and bills received on a full recourse basis. As the Group had not transferred the significant risks and rewards relating to these receivables, it had continued to recognise the full carrying amount of the receivables and had recognised the cash received on the transfer as secured borrowings amounting to HK\$36.8 million (March 31, 2021: HK\$41.6 million).

As at March 31, 2022, the Group's remaining secured bank borrowings amounting to HK\$12.6 million had been secured by the pledge of certain bills receivables held by the Group amounting to HK\$14.0 million (March 31, 2021: nil).

Foreign Exchange Risk Management

The Group operates in Hong Kong, the PRC and Taiwan. It incurred foreign currency risk mainly on sales and purchases that were denominated in currencies other than its functional currencies. Sales are mainly denominated in USD, RMB and HKD whereas purchases are mainly denominated in USD, Japanese yen ("JPY"), RMB and HKD. Therefore, the exposure in exchange rate risks mainly arises from fluctuations in foreign currencies against the functional currencies. Given the pegged exchange rate between HKD and USD, the exposure of entities that use HKD as their respective functional currencies to the fluctuations in USD is minimal. However, exchange rate fluctuations between RMB and USD, RMB and JPY, HKD and JPY, or Taiwan dollars and USD could affect the Group's performance and asset value. The Group has a foreign currency hedging policy to monitor and maintain its foreign exchange exposure at an acceptable level.

Net Gearing Ratio

The net gearing ratio as at March 31, 2022 was 37.0% (March 31, 2021: 39.6%). The net gearing ratio was derived by dividing net debts (representing interest-bearing bank borrowings, trust receipt loans and bills payables minus cash and cash equivalents and restricted bank deposits) by shareholders' equity at the end of a given period and multiplied by 100%. The decrease was mainly due to the increases in cash balance and shareholders' equity.

STRATEGY AND PROSPECTS *(A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months)*

The resurgence of the COVID-19 pandemic situation in China and the country's zero-COVID-19 policy has resulted in lockdowns in various cities since March 2022. This has led to major logistical issues and exacerbated supply chain disruptions due to production delays. Against this backdrop, China's gross domestic product (GDP) growth is widely expected to slow to 5.0% in 2022.¹

¹ Source: Reuters article, "China's GDP growth seen slowing to 5.0% in 2022 on COVID hit", April 14, 2022.

Meanwhile, geopolitical tensions in Eastern Europe and between the United States and China have led to poor consumer sentiment as well as rising inflation, which has driven up our operating costs.

The Group expects the next 12 months to remain challenging. Nevertheless, we are optimistic that China will put in place the necessary support measures that would mitigate the economic challenges and the anticipated slowing growth.

Barring unforeseen circumstances, the Group is positive about the industry's business outlook and will continue to be prudent in managing its resources and expenses to protect its bottom-line. This will ensure that our operations remain sustainable to tide over the uncertain business environment and maintaining a healthy liquidity position in order to support the long-term growth.

IMPORTANT EVENTS AFFECTING THE GROUP AFTER THE END OF THE REPORTING PERIOD

No important events affecting the Group have occurred after the end of the reporting period.

DIVIDEND AND ANNUAL GENERAL MEETING

The Board has recommended the payment of the Final Dividend and the Special Dividend to those Shareholders whose names will appear on the register of members of the Company (the "Register of Members") at the close of business on Tuesday, September 6, 2022. The Final Dividend and the Special Dividend will be payable on or about Wednesday, September 21, 2022, subject to the Shareholders' approval at the forthcoming 2022 AGM which is expected to be held on or around Monday, August 29, 2022 at 9:30 a.m.

CLOSURE OF REGISTER OF MEMBERS

(1) For determining the entitlement to attend and vote at the 2022 AGM

For the purpose of determining the entitlement of the Shareholders to attend and vote at the 2022 AGM, for Hong Kong Shareholders, the Hong Kong branch Register of Members (the "Hong Kong Branch Register") will be closed from Wednesday, August 24, 2022 to Monday, August 29, 2022, both days inclusive. During this period, no transfer of the shares of the Company (the "Shares") will be registered. In order to qualify for attending and voting at the 2022 AGM, the non-registered Hong Kong Shareholders must lodge all duly completed and stamped transfer documents accompanied by the relevant share certificates for registration with the Company's Hong Kong branch share registrar and transfer office (the "Hong Kong Branch Registrar"), Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong not later than 4:30 p.m. on Tuesday, August 23, 2022.

For Singapore Shareholders, the share transfer books and Singapore branch Register of Members (the “Singapore Branch Register”) will be closed at 5:00 p.m. on Tuesday, August 23, 2022. Duly completed registrable transfers of Shares received by the Company’s share transfer agent in Singapore (the “Singapore Share Transfer Agent”), Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, Keppel Bay Tower, #14-03/07, Singapore 098632, up to and including 5:00 p.m. on Tuesday, August 23, 2022 will be registered to determine Singapore Shareholders’ entitlements to attend and vote at the 2022 AGM.

Any transfer of the Shares between the Hong Kong Branch Register and the Singapore Branch Register by way of deregistration from one branch Register of Members and registration on the other branch Register of Members has to be made not later than 4:30 p.m. on Monday, August 15, 2022 for Hong Kong Shareholders and not later than 5:00 p.m. on Monday, August 15, 2022 for Singapore Shareholders.

(2) For determining the entitlement to the Final Dividend and the Special Dividend

For the purpose of determining the entitlement of the Shareholders to the Final Dividend and the Special Dividend, for Hong Kong Shareholders, the Hong Kong Branch Register will be closed from Wednesday, September 7, 2022 to Friday, September 9, 2022 both days inclusive. During this period, no transfer of Shares will be registered. In order to qualify for the Final Dividend and the Special Dividend, the non-registered Hong Kong Shareholders must lodge all duly completed and stamped transfer documents accompanied by the relevant share certificates for registration with the Hong Kong Branch Registrar, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong not later than 4:30 p.m. on Tuesday, September 6, 2022.

For Singapore Shareholders, the share transfer books and the Singapore Branch Register will be closed at 5:00 p.m. on Tuesday, September 6, 2022. Duly completed registrable transfers of Shares received by the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, Keppel Bay Tower, #14-03/07, Singapore 098632, up to and including 5:00 p.m. on Tuesday, September 6, 2022 will be registered to determine Singapore Shareholders’ entitlements to the Final Dividend and the Special Dividend. Singapore Shareholders whose securities accounts with The Central Depository (Pte) Limited (“CDP”) are credited with Shares as at 5:00 p.m. on Tuesday, September 6, 2022 will be entitled to the Final Dividend and the Special Dividend.

Any transfer of the Shares between the Hong Kong Branch Register and the Singapore Branch Register by way of deregistration from one branch Register of Members and registration on the other branch Register of Members has to be made not later than 4:30 p.m. on Monday, August 29, 2022 for Hong Kong Shareholders and not later than 5:00 p.m. on Monday, August 29, 2022 for Singapore Shareholders.

Shareholders who hold their Shares on the Hong Kong Branch Register will receive their Final Dividend and Special Dividend payment in Hong Kong dollars; while Shareholders who hold their Shares on the Singapore Branch Register or whose securities accounts are maintained with CDP will receive their Final Dividend and Special Dividend payment in Singapore dollars.

EMPLOYEES AND REMUNERATION POLICIES

As at March 31, 2022, the Group had a workforce of 359 (March 31, 2021: 361) full-time employees, of which 32.9% worked in Hong Kong, 63.7% in the PRC and the remainder in Taiwan.

The Group actively pursues a strategy of recruiting, retaining and developing talented employees by (i) providing them with regular training programmes to ensure that they are kept abreast of the latest information pertaining to the products distributed by the Group, technological developments and market conditions of the electronics industry; (ii) aligning employees' compensation and incentives or bonus with their performance; and (iii) providing them with a clear career path with opportunities for taking on additional responsibilities and securing promotions. Besides, the Company has adopted an employee share option scheme to reward the directors of the Company (the "Directors") and the eligible employees for their contribution to the Group.

While the Group's employees in Hong Kong and Taiwan are required to participate in the mandatory provident fund scheme and a defined contribution pension scheme respectively, the Group makes contributions to various government-sponsored employee-benefit funds, including social insurance fund, housing fund, basic pension insurance fund and unemployment, maternity and work-related insurance funds for its employees in the PRC in accordance with the applicable PRC laws and regulations.

Further, the remuneration committee of the Board reviews and recommends to the Board the remuneration and compensation packages of the Directors and senior management of the Group by reference to the salaries paid by comparable companies, their time commitment, responsibilities and performance as well as the financial results of the Group.

CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at March 31, 2022 (March 31, 2021: nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended March 31, 2022, the Company did not redeem any of its securities listed on the Main Board of the SEHK and the SGX-ST nor did the Company or any of its subsidiaries purchase or sell any of such securities.

COMPLIANCE WITH CORPORATE GOVERNANCE CODES

The Board and the Company's management are committed to maintaining high standards of corporate governance. The Board firmly believes that conducting the Group's business in a transparent and responsible manner and following good corporate governance practices serve its long-term interests and those of the Shareholders. The Board considers that during the year ended March 31, 2022, the Company had complied with all the code provisions set out in the Corporate Governance Code as contained in Appendix 14 to the Rules Governing the Listing of Securities on the SEHK (the "HK Listing Rules" and the "HK CG Code", respectively) and the Code of Corporate Governance 2018 of Singapore (the "Singapore CG Code") except those stated in paragraph 3 of this section.

In the event of any conflict among the HK CG Code, the Singapore CG Code and the bye-laws of the Company, the Company will comply with the most onerous provisions. As such, the Board considers that sufficient measures are in place to ensure the adequateness of the Company's corporate governance practices relating to, amongst others, the appointment, retirement and re-election of Directors (including independent non-executive Directors (the "INEDs")).

Provision 2.2 of the Singapore CG Code stipulates that independent directors make up a majority of the board where the chairman is not independent. The Company notes that the current Board composition is a variation from Provision 2.2 of the Singapore CG Code as the Board comprises seven members, one of whom is a non-executive Director (who is also the chairman of the Board), three of whom are executive Directors and three of whom are INEDs. The Board has plans for Board renewal and an orderly succession, will continually review its composition to take into account the recommendation in Provision 2.2 of the Singapore CG Code, and intends to adopt the necessary measures in due course. Such measures may include having some of the existing Directors (apart from INEDs) stepping down at the appropriate juncture, and/or appointing new independent Directors, if suitable candidates are identified.

COMPLIANCE WITH HONG KONG MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the HK Listing Rules (the "HK Model Code") as its own code of conduct for dealing in the securities of the Company by the Directors. Following a specific enquiry made by the Company with each of the current Directors, all of them confirmed that they had complied with the required standards as set out in the HK Model Code throughout the year ended March 31, 2022.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU, HONG KONG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes thereto for the year ended March 31, 2022 as set out in this results announcement have been agreed by the Company's independent auditor, Messrs. Deloitte Touche Tohmatsu, Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the year as reviewed by the Audit Committee and approved by the Board both on June 28, 2022. The work performed by Messrs. Deloitte Touche Tohmatsu, Hong Kong in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu, Hong Kong on this results announcement.

PUBLICATION OF INFORMATION ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED (THE "HKEX"), THE COMPANY AND THE SGX-ST

This results announcement is published on the website of the HKEX at www.hkexnews.hk, the website of the Company at www.willas-array.com and the website of the SGX-ST at www.sgx.com. As the audit process for the annual results for the year ended March 31, 2022 has been completed, the annual report of the Company for the year ended March 31, 2022 (containing the Company's sustainability report) and the notice of the 2022 AGM are expected to be despatched to the Shareholders on or around July 29, 2022 and will be published on the respective websites of the HKEX, the Company and the SGX-ST.

SUPPLEMENTARY INFORMATION

1. *Where a forecast, or a prospect statement, has been previously disclosed to Shareholders, any variance between it and the actual results*

Not applicable. No forecast or prospect statement was previously disclosed to the Shareholders.

2. *If the Group has obtained a general mandate from Shareholders for interest person transactions (the "IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii) of the Listing Manual of the SGX-ST. If no IPT mandate has been obtained, a statement to that effect*

No general mandate has been obtained from the Shareholders for IPTs.

3. *A breakdown of sales*

	Group		Increase (Decrease) %
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	
(a) Sales reported for first half year	1,785,868	1,687,189	5.8%
(b) Operating profit after tax reported for first half year	43,534	22,393	94.4%
(c) Sales reported for second half year	1,639,964	1,870,746	-12.3%
(d) Operating profit after tax reported for second half year	38,658	70,090	-44.8%

4. *A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year*

	Total Annual Dividend	
	Latest Full Year <i>HK\$'000</i>	Previous Full Year <i>HK\$'000</i>
(a) Ordinary		
Final dividend for 2020 (Paid)	-	-
Final dividend for 2021 (Paid)	28,118	-
Proposed final dividend for 2021	-	28,118
Proposed final dividend and special dividend for 2022	62,960	-
(b) Preference	-	-
Total:	91,078	28,118

5. ***Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) of the Listing Manual of the SGX-ST in the format below. If there are no such persons, the issuer must make an appropriate negative statement***

Pursuant to Rule 704(13) of the Listing Manual of the SGX-ST, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries, who is a relative of a director or chief executive officer or substantial shareholder of the Company.

6. ***Undertakings from the Directors and Executive Officers pursuant to Rule 720(1) of the Listing Manual of the SGX-ST***

On behalf of the Board, we confirm that we have procured all the required undertakings to comply with the listing manual of the SGX-ST from all the directors and executive officers of the Company.

By Order of the Board
Willas-Array Electronics (Holdings) Limited
Leung Chun Wah
Chairman and Non-executive Director

Hong Kong/Singapore, June 28, 2022

As at the date of this announcement, the Board comprises one Non-executive Director, Leung Chun Wah (Chairman); three Executive Directors, namely Hon Kar Chun (Managing Director), Leung Hon Shing and Leung Chi Hang Daniel; and three Independent Non-executive Directors, namely Lim Lee Meng, Tang Wai Loong Kenneth and Tong Kai Cheong.

In the case of inconsistency, the English text of this announcement shall prevail over the Chinese text.

Appendix

The independent auditor's report on the full financial statements of Willas-Array Electronics (Holdings) Limited for the financial year ended March 31, 2022 is as follows:

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
WILLAS-ARRAY ELECTRONICS (HOLDINGS) LIMITED
For the financial year ended March 31, 2022**

Opinion

We have audited the consolidated financial statements of Willas-Array Electronics (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages [•] to [•], which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at March 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS Standards") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter**How our audit addressed the key audit matter*****Impairment assessment of trade receivables***

We identified impairment assessment of trade receivables as a key audit matter due to the significance of trade receivables to the Group's consolidated financial position and the involvement of subjective judgement and management estimates in evaluating the expected credit losses ("ECL") of the Group's trade receivables at the end of the reporting period.

As at March 31, 2022, the Group's net trade receivables amounting to HK\$862,816,000, which represented approximately 46% of total assets of the Group and out of these trade receivables of HK\$191,133,000 were past due.

As disclosed in Note [•] to the consolidated financial statements, the management of the Group estimates the amount of lifetime ECL of trade receivables that are not credit-impaired based on collective basis through grouping of various debtors after considering internal credit ratings of trade debtors, aging and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. In addition, trade receivables that are credit-impaired are assessed for ECL individually. The loss allowance amount of the credit-impaired trade receivables is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses as at March 31, 2022.

Our audit procedures in relation to impairment assessment of trade receivables included:

- Understanding key controls of the management estimation on the loss allowance for trade receivables;
- Testing the integrity of information used by management to develop the grouping in collective basis, including trade receivables aging analysis as at March 31, 2022, on a sample basis, by comparing individual items in the analysis with the relevant supporting documents in relation to the determination of credit rating of the customers;
- Challenging management's basis and judgement in determining credit loss allowance on trade receivables as at March 31, 2022, including their identification of credit-impaired trade receivables, the reasonableness of management's grouping of the remaining trade debtors into different categories using the collective basis, and the basis of estimated loss rates applied in each category with reference to historical default rates and forward-looking information; and
- Evaluating the disclosures regarding the impairment assessment of trade receivables in Notes [•] and [•], respectively to the consolidated financial statements.

Key audit matter**How our audit addressed the key audit matter*****Impairment assessment of trade receivables – continued***

As disclosed in Note [•] to the consolidated financial statements, the Group's lifetime ECL on trade receivables as at March 31, 2022 amounted to HK\$41,719,000.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Chan King Yuen.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
June 28, 2022