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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)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED MARCH 31, 2021**

FINANCIAL HIGHLIGHTS

	For the year ended March 31,		Change %
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	
Revenue	3,557,935	3,175,259	+12.1
Gross profit	333,601	206,159	+61.8
Profit (loss) before tax	106,332	(71,829)	NM
Profit (loss) attributable to owners of the Company	92,483	(72,553)	NM
Basic earnings (loss) per share (HK cents)	108.54	(85.15)	NM
NM – Not Meaningful			

AUDITED FINANCIAL RESULTS

The board of directors of Willas-Array Electronics (Holdings) Limited (the “Company” and the “Board”, respectively) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the “Group”, “We” or “Our”) for the year ended March 31, 2021, together with the comparative figures for the year ended March 31, 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended March 31, 2021

	NOTES	2021 HK\$'000	2020 HK\$'000	Change %
Revenue	3	3,557,935	3,175,259	+12.1
Cost of sales		(3,224,334)	(2,969,100)	+8.6
Gross profit		333,601	206,159	+61.8
Other income		9,667	14,937	-35.3
Distribution costs		(37,469)	(29,069)	+28.9
Administrative expenses		(186,915)	(188,718)	-1.0
Other gains and losses		15,323	(14,575)	NM
Impairment losses, net of reversal		(10,141)	(23,978)	-57.7
Gain (loss) on fair value change of investment property		1,312	(322)	NM
Finance costs		(19,046)	(36,263)	-47.5
Profit (loss) before tax		106,332	(71,829)	NM
Income tax expense	4	(13,849)	(724)	NM
Profit (loss) for the year	5	92,483	(72,553)	NM
Other comprehensive income (expense):				
<i>Items that will not be reclassified to profit or loss:</i>				
– Gain on revaluation of owned properties		–	4,390	NM
– Gain on revaluation of leasehold land transferred to investment property		–	7,355	NM
– Income tax relating to gain recognised in other comprehensive income		–	(6,070)	NM
		–	5,675	NM

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

For the year ended March 31, 2021

	<i>NOTE</i>	2021 HK\$'000	2020 <i>HK\$'000</i>	Change %
<i>Item that may be reclassified</i>				
<i>subsequently to profit or loss:</i>				
– Exchange differences on translation of foreign operations		<u>22,984</u>	<u>(15,993)</u>	NM
Other comprehensive income (expense) for the year		<u>22,984</u>	<u>(10,318)</u>	NM
Total comprehensive income (expense) for the year attributable to owners of the Company		<u>115,467</u>	<u>(82,871)</u>	NM
Earnings (loss) per share	13			
– Basic (HK cents)		<u>108.54</u>	<u>(85.15)</u>	NM
– Diluted (HK cents)		<u>108.54</u>	<u>(85.15)</u>	NM

NM – Not Meaningful

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2021

	<i>NOTES</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	6	270,142	259,787
Right-of-use assets		18,201	14,013
Investment property		9,512	8,200
Club debentures		2,001	2,001
Interest in an associate		–	–
Financial assets measured at fair value through other comprehensive income (“FVTOCI”)		–	–
Long-term deposits		3,891	15,697
Deferred tax assets		624	1,982
Restricted bank deposits		2,378	2,187
		<hr/>	<hr/>
Total non-current assets		306,749	303,867
		<hr/>	<hr/>
Current assets			
Inventories		259,783	375,130
Trade receivables	7	844,049	660,912
Other receivables, deposits and prepayments		8,273	5,486
Income tax recoverable		4,574	12,604
Derivative financial instruments		434	993
Restricted bank deposits		–	2,219
Cash and cash equivalents		216,923	264,839
		<hr/>	<hr/>
Total current assets		1,334,036	1,322,183
		<hr/>	<hr/>
Total assets		1,640,785	1,626,050
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – continued

As at March 31, 2021

	<i>NOTES</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current liabilities			
Trade payables	9	349,349	305,928
Other payables		48,275	26,164
Contract liabilities		8,846	4,851
Income tax payable		6,101	412
Trust receipt loans		344,493	469,131
Bank borrowings		146,647	201,765
Derivative financial instruments		539	61
Lease liabilities		6,514	11,906
		<hr/>	<hr/>
Total current liabilities		910,764	1,020,218
		<hr/>	<hr/>
Net current assets		423,272	301,965
		<hr/>	<hr/>
Total assets less current liabilities		730,021	605,832
		<hr/>	<hr/>
Capital and reserves			
Share capital	10	85,207	85,207
Reserves		601,894	485,501
		<hr/>	<hr/>
Equity attributable to owners of the Company		687,101	570,708
		<hr/>	<hr/>
Non-current liabilities			
Deferred tax liabilities		31,652	31,086
Derivative financial instruments		–	2,177
Lease liabilities		11,268	1,861
		<hr/>	<hr/>
Total non-current liabilities		42,920	35,124
		<hr/>	<hr/>
Total liabilities and equity		1,640,785	1,626,050
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2021

	Attributable to owners of the Company								
	Share capital	Capital reserves	Statutory reserve	Property revaluation reserve	Currency translation reserve	Financial assets measured at FVTOCI reserve	Other reserve	Accumulated profits	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>
At April 1, 2019	85,207	193,551	19,580	121,941	3,861	(16,448)	(3,561)	266,489	670,620
Total comprehensive income (expense) for the year:									
Loss for the year	-	-	-	-	-	-	-	(72,553)	(72,553)
Other comprehensive income (expense) for the year	-	-	-	5,675	(15,993)	-	-	-	(10,318)
Total	-	-	-	5,675	(15,993)	-	-	(72,553)	(82,871)
Transactions with owners, recognised directly in equity:									
Share options cancelled	-	(92)	-	-	-	-	-	92	-
Share options lapsed	-	(1)	-	-	-	-	-	1	-
Dividend paid <i>(Note 12)</i>	-	-	-	-	-	-	-	(17,041)	(17,041)
Transfer from property revaluation reserve	-	-	-	(5,031)	-	-	-	5,031	-
Transfer of statutory reserve	-	-	1,294	-	-	-	-	(1,294)	-
Total	-	(93)	1,294	(5,031)	-	-	-	(13,211)	(17,041)
At March 31, 2020	<u>85,207</u>	<u>193,458</u>	<u>20,874</u>	<u>122,585</u>	<u>(12,132)</u>	<u>(16,448)</u>	<u>(3,561)</u>	<u>180,725</u>	<u>570,708</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – continued

For the year ended March 31, 2021

	Attributable to owners of the Company								
	Share capital	Capital reserves	Statutory reserve	Property revaluation reserve	Currency translation reserve	Financial assets measured at FVTOCI reserve	Other reserve	Accumulated profits	Total
	HK\$'000	HK\$'000 (Note i)	HK\$'000 (Note ii)	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Note iii)	HK\$'000	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 cancelled	-	(129)	-	-	-	-	-	129	-
Recognition of equity-settled share-based payments	-	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	85,207	194,255	22,974	117,441	10,852	(16,448)	(3,561)	276,381	687,101

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, 2021

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating activities		
Profit (loss) before tax	106,332	(71,829)
Adjustments for:		
Depreciation of property, plant and equipment	14,010	14,121
Depreciation of right-of-use assets	12,276	10,509
Interest expense on bank borrowings and trust receipt loans	18,533	35,633
Interest expense on lease liabilities	513	630
Share-based payment expense	926	–
(Reversal of) allowance for inventories	(32,962)	14,230
Impairment losses, net of reversal	10,141	23,978
Loss on disposal of property, plant and equipment	1,366	68
(Gain) loss on fair value change of investment property	(1,312)	322
Net (gain) loss on fair value changes of derivative financial instruments	(1,140)	735
Gain on lease modification	(109)	–
Unrealised exchange (gain) loss	(21,771)	15,640
Interest income	(501)	(1,984)
	<hr/>	<hr/>
Operating cash flows before movements in working capital	106,302	42,053
Decrease in inventories	151,618	296,748
Increase in trade receivables (<i>Note</i>)	(173,973)	(6,007)
(Increase) decrease in other receivables, deposits and prepayments	(3,698)	4,387
Decrease (increase) in long-term deposits	1,586	(69)
Increase in trade payables	40,897	231
Increase (decrease) in other payables	23,240	(5,388)
Increase (decrease) in contract liabilities	3,747	(3,631)
	<hr/>	<hr/>
Cash generated from operations	149,719	328,324
Income tax refund (paid)	401	(6,307)
Interest paid	(20,954)	(38,195)
Interest received	501	1,984
	<hr/>	<hr/>
Net cash generated from operating activities	129,667	285,806

CONSOLIDATED STATEMENT OF CASH FLOWS – continued

For the year ended March 31, 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Investing activities		
Purchase of property, plant and equipment	(1,500)	(1,319)
Placement of restricted bank deposits	–	(2,359)
Withdrawal of restricted bank deposits	2,231	2,260
Proceeds from disposal of property, plant and equipment	347	–
	<u>1,078</u>	<u>(1,418)</u>
Net cash generated from (used in) investing activities		
Financing activities		
Dividend paid to shareholders	–	(17,041)
Repayments of trust receipt loans	(2,639,917)	(2,274,689)
Proceeds from trust receipt loans	2,512,405	2,151,822
Repayments of bank borrowings	(812,057)	(916,077)
Proceeds from bank borrowings	770,109	751,122
Repayments of lease liabilities	(12,807)	(11,397)
	<u>(182,267)</u>	<u>(316,260)</u>
Net cash used in financing activities		
Net decrease in cash and cash equivalents	(51,522)	(31,872)
Cash and cash equivalents at beginning of the year	264,839	297,498
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	3,606	(787)
	<u>216,923</u>	<u>264,839</u>
Cash and cash equivalents at end of the year		

Note: During the year ended March 31, 2021, the Company discounted bills received from customers to banks with recourse to finance its operation and as such, the operating cash flow stated above did not include the related bills settlements of HK\$14,318,000 (2020: HK\$65,954,000) as it represented non-cash derecognition upon maturity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

1. GENERAL

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 at the end of each reporting period.

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, 2021 are the same as those presented in the Group’s annual financial statements for the year ended March 31, 2020.

Amendments to IFRS Standards that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRS Standards issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after April 1, 2020 for the preparation of the Group’s consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in IFRS Standards and 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, net of reversal, gain (loss) 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, 2021

	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	1,831,302	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)	–
	<u>2,406,269</u>	<u>2,095,968</u>	<u>74,875</u>	<u>4,577,112</u>	<u>(1,019,177)</u>	<u>3,557,935</u>
Cost of sales	<u>(2,233,099)</u>	<u>(1,943,496)</u>	<u>(66,916)</u>	<u>(4,243,511)</u>	<u>1,019,177</u>	<u>(3,224,334)</u>
Gross profit/segment results	<u>173,170</u>	<u>152,472</u>	<u>7,959</u>	<u>333,601</u>	<u>–</u>	<u>333,601</u>
Other income						9,667
Distribution costs						(37,469)
Administrative expenses						(186,915)
Other gains and losses						15,323
Impairment losses, net of reversal						(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>

3. SEGMENT INFORMATION – continued

Year ended March 31, 2020

	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	1,628,107	1,463,083	84,069	3,175,259	–	3,175,259
Sales – inter-company	490,998	402,727	900	894,625	(894,625)	–
	2,119,105	1,865,810	84,969	4,069,884	(894,625)	3,175,259
Cost of sales	(2,016,228)	(1,771,476)	(76,021)	(3,863,725)	894,625	(2,969,100)
Gross profit/segment results	<u>102,877</u>	<u>94,334</u>	<u>8,948</u>	<u>206,159</u>	<u>–</u>	206,159
Other income						14,937
Distribution costs						(29,069)
Administrative expenses						(188,718)
Other gains and losses						(14,575)
Impairment losses, net of reversal						(23,978)
Loss on fair value change of investment property						(322)
Finance costs						<u>(36,263)</u>
Loss before tax						(71,829)
Income tax expense						<u>(724)</u>
Loss attributable to owners of the Company						<u><u>(72,553)</u></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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
The income tax charge comprises:		
Current tax:		
– Hong Kong	2,213	187
– PRC Enterprise Income Tax (“EIT”)	11,076	1,847
– Taiwan	699	421
– Taiwan withholding tax on dividends	539	1,414
	<u>14,527</u>	<u>3,869</u>
(Over) under provision in respect of prior year:		
– Hong Kong	(1,229)	65
– PRC EIT	(157)	(433)
– Taiwan	(5)	(28)
	<u>(1,391)</u>	<u>(396)</u>
Deferred tax:		
– Current year	713	(2,749)
	<u>13,849</u>	<u>724</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, 2021 and 2020.

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 (LOSS) FOR THE YEAR

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

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of inventories recognised as expenses (<i>Note i</i>)	3,224,334	2,969,100
Depreciation of property, plant and equipment	14,010	14,121
Depreciation of right-of-use assets	12,276	10,509
Directors' emoluments (<i>Note ii</i>)	11,071	10,089
Loss on disposal of property, plant and equipment	1,366	68
Audit fees paid to auditors		
Auditor of the Company	2,100	2,108
Other auditors	145	177
Non-audit fees paid to auditor		
Auditor of the Company	708	813
Staff costs (excluding directors' emoluments) (<i>Note ii</i>)	124,585	114,316
Net foreign exchange (gain) loss	(15,549)	13,772
Net (gain) loss on fair value changes of derivative financial instruments	(1,140)	735
Share-based payment expense	926	–
Income from credit insurance for trade receivables	–	(10,511)
Interest income from bank deposits	(501)	(1,984)
Interest expense on borrowings	18,533	35,633
Impairment losses recognised on trade receivables	9,114	23,978
Government grant	(7,836)	(1,584)
	<u> </u>	<u> </u>

Notes:

- (i) During the year ended March 31, 2021, the amount included reversal of allowance for inventories of HK\$32,962,000 (2020: allowance for inventories of HK\$14,230,000).
- (ii) During the year ended March 31, 2021, cost of defined contribution plans amounting to HK\$9,117,000 (2020: HK\$16,335,000) 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\$12,343,000 (2020: HK\$1,319,000). In addition, the Group disposed of certain property, plant and equipment with a carrying amount of HK\$1,713,000 (2020: HK\$68,000), resulting in a loss of HK\$1,366,000 (2020: HK\$68,000).

7. TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	890,362	697,697
Less: allowance for credit losses	<u>(46,313)</u>	<u>(36,785)</u>
	<u>844,049</u>	<u>660,912</u>

The Group allows a credit period of 30 to 120 days (2020: 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 60 days	516,550	440,454
61 to 90 days	171,679	89,299
Over 90 days	<u>155,820</u>	<u>131,159</u>
	<u>844,049</u>	<u>660,912</u>

8. TRANSFER OF FINANCIAL ASSETS

As at March 31, 2021, the Group's trade receivables amounting to HK\$46,846,000 (2020: HK\$69,862,000) 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\$41,647,000 (2020: HK\$63,712,000).

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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	236,751	247,694
31 to 60 days	<u>112,598</u>	<u>58,234</u>
	<u><u>349,349</u></u>	<u><u>305,928</u></u>

10. SHARE CAPITAL

	Number of shares <i>'000</i>	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$1.00 each		
Authorised		
At April 1, 2019, April 1, 2020 and March 31, 2021	<u>120,000</u>	<u>120,000</u>
Issued and paid up		
At April 1, 2019, April 1, 2020 and March 31, 2021	<u>85,207</u>	<u>85,207</u>

The Company has no treasury shares.

11. SHARE-BASED PAYMENTS

The Company adopted the Willas-Array Electronics Employee Share Option Scheme II (“ESOS II”) and 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.

ESOS II

Fair values of the share options granted under ESOS II were calculated using the Black-Scholes option pricing model.

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

	Number of share options
Unexercised share options for ordinary shares at April 1, 2019	1,760
Lapsed during the year (<i>Note</i>)	<u>(1,760)</u>
Unexercised share options for ordinary shares at March 31, 2020, April 1, 2020 and March 31, 2021	<u><u>–</u></u>

Note: The outstanding share options under ESOS II lapsed after October 1, 2019.

ESOS III

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 will commence after the first anniversary of the date of grant and expire on the tenth anniversary of such date of grant. The total estimated fair value as at the date of grant was approximately HK\$2,817,000.

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, 2019	990,000
Cancelled during the year	<u>(82,500)</u>
Unexercised share options for ordinary shares at April 1, 2020	907,500
Granted during the year	3,835,000
Cancelled during the year	<u>(165,500)</u>
Unexercised share options for ordinary shares at March 31, 2021	<u><u>4,577,000</u></u>

11. SHARE-BASED PAYMENTS – continued

ESOS III – 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:

Grant date	ESOS III December 2, 2020	ESOS III July 17, 2017
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, 2021, share-based payment expense of HK\$926,000 (2020: nil) had been recognised in profit or loss.

12. DIVIDEND

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Dividend recognised as distribution during the year:		
2019 - Final HK20.0 cents per share	–	17,041

The Board has recommended that a one-tier tax exempt final dividend of HK33.0 cents per share for the year ended March 31, 2021 (2020: nil) will be paid to the shareholders of the Company (the “Shareholders”) on August 27, 2021. This dividend is subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company (the “2021 AGM”) and has not been included as a liability in these financial statements. The proposed dividend is payable to those Shareholders whose names will appear on the register of members of the Company at the close of business on August 10, 2021. The estimated total dividend to be paid is HK\$28,118,000.

13. EARNINGS (LOSS) PER SHARE

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

	Group Figures			
	2021		2020	
	Basic <i>HK\$'000</i>	Diluted <i>HK\$'000</i>	Basic <i>HK\$'000</i>	Diluted <i>HK\$'000</i>
Profit (loss) attributable to owners of the Company	<u>92,483</u>	<u>92,483</u>	<u>(72,553)</u>	<u>(72,553)</u>
	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of ordinary shares used to compute the basic and diluted earnings (loss) per share	<u>85,207,049</u>	<u>85,207,049</u>	<u>85,207,049</u>	<u>85,207,049</u>
Earnings (loss) per share (HK cents)	<u>108.54</u>	<u>108.54</u>	<u>(85.15)</u>	<u>(85.15)</u>

The computation of diluted earnings per share for the year ended March 31, 2021 did not assume the exercise of 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.

The computation of diluted loss per share for the year ended March 31, 2020 did not assume the exercise of share options granted by the Company since their assumed exercise would result in a decrease in loss per share 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	
	2021	2020	2021	2020
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>806.39</u>	<u>669.79</u>	<u>472.31</u>	<u>426.51</u>

The net asset backing per ordinary share as at March 31, 2021 was based on a total of 85,207,049 (2020: 85,207,049) issued ordinary shares.

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

As at March 31, 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets		
Amount due from a subsidiary	33,814	33,814
Interests in subsidiaries	<u>157,024</u>	<u>155,043</u>
Total non-current assets	<u>190,838</u>	<u>188,857</u>
Current assets		
Amounts due from subsidiaries	213,604	185,036
Deposits and prepayments	17	11
Income tax recoverable	–	109
Cash and cash equivalents	<u>976</u>	<u>1,181</u>
Total current assets	<u>214,597</u>	<u>186,337</u>
Total assets	<u><u>405,435</u></u>	<u><u>375,194</u></u>
Current liabilities		
Other payables	947	1,407
Income tax payable	63	–
Financial guarantee liabilities	<u>1,981</u>	<u>10,375</u>
Total current liabilities	<u>2,991</u>	<u>11,782</u>
Net current assets	<u>211,606</u>	<u>174,555</u>
Total assets less current liabilities	<u>402,444</u>	<u>363,412</u>
Capital and reserves		
Share capital	85,207	85,207
Reserves	<u>317,237</u>	<u>278,205</u>
Equity attributable to owners of the Company	<u>402,444</u>	<u>363,412</u>
Total liabilities and equity	<u><u>405,435</u></u>	<u><u>375,194</u></u>

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

For the year ended March 31, 2021

	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, 2019	85,207	193,551	87,173	365,931
Profit for the year, representing total comprehensive income for the year	–	–	14,522	14,522
Transactions with owners, recognised directly in equity:				
Share options cancelled	–	(92)	92	–
Share options lapsed	–	(1)	1	–
Dividend paid (<i>Note 12</i>)	–	–	(17,041)	(17,041)
Total	–	(93)	(16,948)	(17,041)
At March 31, 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 cancelled	–	(129)	129	–
Recognition of equity-settled share-based payments	–	926	–	926
Total	–	797	129	926
At March 31, 2021	85,207	194,255	122,982	402,444

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group recorded a profit attributable to owners of the Company of HK\$92.5 million for the year ended March 31, 2021 (“FY2021”) compared to a loss attributable to owners of the Company of HK\$72.6 million for the year ended March 31, 2020 (“FY2020”). The Group returned to profit in FY2021 mainly due to (i) higher gross profit which was mainly attributable to a significant decrease in clearance of buffer stocks as compared to FY2020, as well as a reversal of stock provision of HK\$33.0 million in FY2021 compared to a stock provision of HK\$14.2 million made for slow-moving inventories in FY2020; (ii) receipt of non-recurring subsidies from the Hong Kong government’s Employment Support Scheme (“ESS”) and the reduction and exemption of corporate social insurance premiums granted by the Chinese government during FY2021; and (iii) an exchange gain mainly arising from the appreciation of the Renminbi (“RMB”) in FY2021 whereas there was an exchange loss mainly arising from the depreciation of RMB in FY2020.

Revenue

Boosted by strong demand for electronics components in the second half of FY2021, the Group achieved a 12.1% year-on-year (“YOY”) increase in revenue from HK\$3,175.3 million in FY2020 to HK\$3,557.9 million in FY2021. The recovery was led by the resumption of the export market to the United States of America (the “US”) and Europe, and especially by the effectiveness of the Chinese government’s economic and business support policies to drive domestic demand and economic recovery.

Revenue by Market Segment Analysis

	FY2021		FY2020		Increase/(Decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Industrial	1,049,738	29.5%	879,670	27.7%	170,068	19.3%
Home Appliance	662,802	18.6%	643,635	20.3%	19,167	3.0%
Automotive	636,418	17.9%	485,697	15.3%	150,721	31.0%
Dealer	261,632	7.4%	286,188	9.0%	(24,556)	-8.6%
Telecommunications	244,453	6.9%	280,189	8.8%	(35,736)	-12.8%
Audio and Video	242,741	6.8%	204,177	6.4%	38,564	18.9%
Electronic Manufacturing						
Services (“EMS”)	235,639	6.6%	210,516	6.6%	25,123	11.9%
Lighting	135,958	3.8%	114,022	3.6%	21,936	19.2%
Others	88,554	2.5%	71,165	2.3%	17,389	24.4%
	<u>3,557,935</u>	<u>100.0%</u>	<u>3,175,259</u>	<u>100.0%</u>	<u>382,676</u>	<u>12.1%</u>

Industrial

The Industrial segment is the largest revenue generator of the Group. It achieved revenue of HK\$1,049.7 million in FY2021, an increase of 19.3% YOY as compared to FY2020 as a result of improved export and domestic sales. The segment's power supply, DIY tools, motor application and LCD modules benefitted from strong demand for consumer electronics products and small home appliances in FY2021 due to stay-at-home orders at the height of the COVID-19 outbreak.

In the long term, the Group will be putting more resources into creating new applications that will support the trend for power saving and energy efficiency features as part of the overall growth to achieve carbon neutrality.

Home Appliance

The Home Appliance segment continued to achieve stable revenue growth for the Group, registering a YOY increase of 3.0% to HK\$662.8 million in FY2021. The performance was due to higher demand for home appliances in FY2021 as people stayed home because of the COVID-19 situation.

This segment also receives strong backing from the Chinese government's economic and business support policies, which aim to stimulate domestic consumption by encouraging consumers to replace and upgrade their home appliances with energy saving ones. As such, we expect consistently stable growth from this segment and will be investing our resources accordingly.

Automotive

The Automotive segment was our star performer in FY2021, having achieved a stellar 31.0% YOY increase in revenue to HK\$636.4 million. Having contributed 17.9% to total Group revenue in FY2021, it is now our third largest revenue generator.

The Automotive industry is another key area of focus for the Chinese government's economic and business support policies. The industry has been identified as a growth driver for China's gross domestic product ("GDP") and an important factor in the country's goal to achieve carbon neutrality. These ambitions have accelerated the development of electric vehicles, which in turn has led to strong demand for electronics components because of the high electronic content in such cars.

Dealer

The revenue from this segment was HK\$261.6 million in FY2021, a drop of 8.6% YOY as compared to FY2020 mainly due to the global shortage for chips. In such a situation, the supply allocation for chips gives priority to end manufacturers, rather than the dealer channel. As long-term partners, we will continue to work with them to tackle the situation.

Telecommunications

The Telecommunications segment continued to be impacted by persistent delays in the launch of the 5G service, as consumers responded by delaying purchases of new smartphones. This resulted in a 12.8% YOY decline in revenue from this segment to HK\$244.5 million in FY2021.

We observed improvements in sales from this segment in the second half of FY2021 in tandem with the gradual economic recovery as the COVID-19 situation in our key markets improved. As we await the 5G launch, we intend to uphold our service standards and support for the supply chain.

Audio and Video

Revenue from the Audio and Video segment was HK\$242.7 million in FY2021, an increase of 18.9% as compared to FY2020. The performance of the segment reflected the higher demand for electronics due to COVID-19 containment measures that required people to stay home and to work-from-home. We observed increased spending on home entertainment, gaming and conference equipment, which also drove new product development and new opportunities in this segment. As a new normal emerges from the pandemic, where working remotely has become widely accepted, we expect the demand from this segment to continue.

EMS

This segment recorded an 11.9% YOY increase in revenue to HK\$235.6 million in FY2021. Pre-COVID-19, the segment was adversely impacted by the US-China trade conflict. But since China was the first country to resume normal business activity even as many regions including South Asia remained in lockdown mode, China EMS factories were able to fully utilise their capacities to fulfill export orders. With the Group's experience in supply chain management, we were able to supply the required components within a short time and helped our customers to secure the orders.

Lighting

Revenue from this segment rose by 19.2% in FY2021 as compared to FY2020 to HK\$136.0 million. This segment benefitted from strong export orders because of the recovery of production in China, as well as China's rapid domestic economic recovery after having brought the COVID-19 under control in a short time.

Others

The revenue from this segment increased by 24.4% in FY2021 as compared to FY2020 to HK\$88.6 million due to high spending on electronics products during the pandemic.

Gross Profit Margin

The Group's gross profit margin improved from 6.5% in FY2020 to 9.4% in FY2021 mainly due to a significant decrease in clearance of buffer stocks as compared to FY2020 as well as a reversal of stock provision of HK\$33.0 million in FY2021, compared to a stock provision of HK\$14.2 million for slow-moving inventories made in FY2020.

Other Income

Other income decreased by HK\$5.2 million, or 35.3%, from HK\$14.9 million in FY2020 to HK\$9.7 million in FY2021 mainly due to an insurance claim of HK\$10.5 million received and recognised as other income for the credit-impaired trade receivables in FY2020. On the other hand, a non-recurring subsidy of HK\$6.9 million from the Hong Kong government's ESS was recognised during the current year.

Distribution Costs

Distribution costs increased by HK\$8.4 million, or 28.9%, from HK\$29.1 million in FY2020 to HK\$37.5 million in FY2021. The increase was mainly due to higher sales incentive expense in view of the increase in sales revenue.

Administrative Expenses

Administrative expenses slightly decreased by HK\$1.8 million, or 1.0%, from HK\$188.7 million in FY2020 to HK\$186.9 million in FY2021. This was mainly due to (i) a decrease in staff costs owing to lower average headcount; (ii) the implementation of cost control measures; and (iii) the reduction and exemption of corporate social insurance premiums in the PRC up to December 2020 according to the Notice on the Temporary Reduction and Exemption of Social Insurance Premiums Payable by Enterprises jointly released by the Ministry of Human Resources and Social Security, the Ministry of Finance, and the State Taxation Administration of the PRC in February 2020.

Other Gains and Losses

Other gains of HK\$15.3 million in FY2021 were due to exchange gain mainly arising from the appreciation of RMB while other losses of HK\$14.6 million in FY2020 were due to exchange loss mainly arising from the depreciation of RMB. The aforementioned exchange gain was partially offset by exchange loss arising from certain foreign exchange forward contracts in July to September 2020 ("2Q FY2021"). Such contracts aim to hedge against the currency risk of depreciation of RMB against US dollars ("USD"). As the RMB appreciated against the USD in 2Q FY2021, the Group incurred losses for these foreign exchange forward contracts.

Impairment Losses, Net of Reversal

Impairment losses of HK\$10.1 million in FY2021 (FY2020: HK\$24.0 million) mainly represented the impairment losses on trade receivables. Impairment losses of uncollected trade debt for credit-impaired trade receivables were fully recognised in FY2020 while part of the uncollected trade debt was covered by trade credit insurance and an amount of HK\$10.5 million was received and recognised in other income.

Finance Costs

Finance costs including interest expenses on trust receipt loans and bank borrowings and interest on lease liabilities decreased by HK\$17.3 million, or 47.5%, from HK\$36.3 million in FY2020 to HK\$19.0 million in FY2021. The decrease was mainly due to a reduction in average trust receipt loans and bank borrowings as well as a decrease in weighted average effective interest rate as compared to FY2020.

LIQUIDITY AND FINANCIAL RESOURCES

Financial Position

As compared to as at March 31, 2020, trust receipt loans decreased by HK\$124.6 million as at March 31, 2021 mainly due to the decrease in inventory levels as at March 31, 2021. Trade payables increased from HK\$305.9 million as at March 31, 2020 to HK\$349.3 million as at March 31, 2021. Trade receivables as at March 31, 2021 increased by HK\$183.1 million as compared to as at March 31, 2020, due to the increased sales revenue towards the end of the current year when compared with the sales revenue towards March 31, 2020. The debtors turnover days increased from 2.5 months as at March 31, 2020 to 2.9 months as at March 31, 2021.

As at March 31, 2021, the Group's current ratio (current assets divided by current liabilities) was 1.46 (March 31, 2020: 1.30).

Inventories

Inventories decreased from HK\$375.1 million as at March 31, 2020 to HK\$259.8 million as at March 31, 2021. The inventory turnover days decreased from 1.5 months as at March 31, 2020 to 1.0 month as at March 31, 2021.

Cash Flow

As at March 31, 2021, the Group had a working capital of HK\$423.3 million which included a cash balance of HK\$216.9 million, compared to a working capital of HK\$302.0 million which included a cash balance of HK\$264.8 million as at March 31, 2020. The decrease in cash by HK\$47.9 million was primarily attributable to the net effect of cash outflow of HK\$182.3 million in financing activities and cash inflow of HK\$129.7 million generated from operating activities. The Group's cash balance was mainly denominated in USD, RMB and Hong Kong dollars ("HKD").

Cash outflow in financing activities was mainly attributable to the decreases in trust receipt loans and bank borrowings as a result of the decrease in inventories.

Cash inflow generated from operating activities was primarily due to the increase in operating cash flows before movement in working capital.

Borrowings and Banking Facilities

As at March 31, 2021, the Group had bank borrowings of HK\$146.6 million which were repayable within one year. Among the Group's bank borrowings, 76.0% was denominated in HKD, 12.0% was denominated in USD and 11.9% was denominated in RMB. As at March 31, 2021, 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 3.10% per annum while variable-rate bank borrowings bore interest at a weighted average effective rate of 1.54% per annum.

As at March 31, 2021, trust receipt loans of HK\$344.5 million were unsecured and repayable within one year and bore interest rates ranging from 1.59% to 3.26% per annum. The trust receipt loans were denominated in USD. As at March 31, 2021, the Group had unutilised banking facilities of HK\$1,018.3 million (March 31, 2020: HK\$945.4 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, 2021		As at March 31, 2020	
Secured	Unsecured	Secured	Unsecured
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
41,647	449,493	63,712	607,184

Amount repayable after one year

As at March 31, 2021		As at March 31, 2020	
Secured	Unsecured	Secured	Unsecured
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
–	–	–	–

As at March 31, 2021, the Group's trade receivables amounting to HK\$46.8 million (March 31, 2020: HK\$69.9 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\$41.6 million (March 31, 2020: HK\$63.7 million).

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, 2021 was 39.6% (March 31, 2020: 70.8%). 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. The decrease was mainly due to a decrease in trust receipt loans and bank borrowings and increase in 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)*

As the world's second largest economy, China's quick control of the COVID-19 pandemic enabled its economy to recover rapidly and led to a full-year GDP growth of 2.3% in 2020. The growth momentum continued into the first quarter of 2021, rebounding 18.3% YOY for the three months ended March 31, 2021. The strong recovery is expected to put China back on track for economic growth.

Despite the positive outlook for our domestic China market, we are mindful that the global COVID-19 situation remains fluid. Despite the gradual rollout of COVID-19 vaccines, there are public concerns about the efficacy of these vaccines due to adverse reports about side effects. In addition, there appears to be a resurgence of the virus in certain countries and reports of new strains that are spreading rapidly beyond its country of origin. Such challenges will continue to undermine the global economy and business environment as some countries choose to return to full or partial lockdown mode and this will in turn have an impact on our industry.

Furthermore, the ongoing tense relations between the US and China may continue to present challenges to trade between the two nations. Nevertheless, in view of the Chinese government's economic and business support policies, the Group expects China's economy to be resilient with great potential for growth.

In unprecedented times like now, the Group will continue to be prudent in managing its resources and expenses. This will ensure that our operations remain sustainable to tide over the uncertain business environment and sustaining 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.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK33.0 cents (the “Final Dividend”) per ordinary share for the year ended March 31, 2021 (2020: nil) 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, August 10, 2021. The Final Dividend is payable on or about Friday, August 27, 2021 subject to the approval of the Shareholders at the forthcoming 2021 AGM.

ANNUAL GENERAL MEETING

The 2021 AGM will be held on Thursday, July 29, 2021 and the notice of the 2021 AGM will be published on the respective websites of the SGX-ST, the SEHK and the Company and despatched to the Shareholders in due course in the manner as required by the Rules Governing the Listing of Securities on the SEHK (the “HK Listing Rules”) and the Main Board rules of the listing manual of the SGX-ST.

CLOSURE OF REGISTER OF MEMBERS

(1) For determining the entitlement to attend and vote at the 2021 AGM

For the purpose of determining the entitlement of the Shareholders to attend and vote at the 2021 AGM, for Hong Kong Shareholders, the Hong Kong branch Register of Members (the “Hong Kong Branch Register”) will be closed from Monday, July 26, 2021 to Thursday, July 29, 2021, both days inclusive. During this period, no transfer of shares of the Company (the “Shares”) will be registered. In order to qualify for attending and voting at the 2021 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 Friday, July 23, 2021.

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 Friday, July 23, 2021. 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 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, up to 5:00 p.m. on Friday, July 23, 2021 will be registered to determine Singapore Shareholders’ entitlements to attend and vote at the 2021 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 Thursday, July 15, 2021 for Hong Kong Shareholders and not later than 5:00 p.m. on Thursday, July 15, 2021 for Singapore Shareholders.

(2) For determining the entitlement to the Final Dividend

For the purpose of determining the entitlement of the Shareholders to the Final Dividend, for Hong Kong Shareholders, the Hong Kong Branch Register will be closed from Wednesday, August 11, 2021 to Friday, August 13, 2021, both days inclusive. During this period, no transfer of Shares will be registered. In order to qualify for the Final 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, August 10, 2021.

For Singapore Shareholders, the share transfer books and the Singapore Branch Register will be closed at 5:00 p.m. on Tuesday, August 10, 2021. Duly completed registrable transfers of Shares received by the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, up to 5:00 p.m. on Tuesday, August 10, 2021 will be registered to determine Singapore Shareholders’ entitlements to the proposed Final 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, August 10, 2021 will be entitled to the proposed Final 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 2, 2021 for Hong Kong Shareholders and not later than 5:00 p.m. on Monday, August 2, 2021 for Singapore Shareholders.

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

EMPLOYEES AND REMUNERATION POLICIES

As at March 31, 2021, the Group had a workforce of 361 (March 31, 2020: 377) full-time employees, of which 33.0% worked in Hong Kong, 63.6% 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 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.

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

During the year ended March 31, 2021, 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, 2021, the Company had complied with all the code provisions set out in the Corporate Governance Code as contained in Appendix 14 to the HK Listing Rules (the "HK CG Code") and the Code of Corporate Governance 2018 of Singapore (the "Singapore CG Code") except those stated in paragraphs 3 and 4 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 more 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 (the "NED") (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 orderly succession planning, and 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.

Provision 2.3 of the Singapore CG Code stipulates that non-executive directors make up a majority of the board. The Company noted that the Board composition from April 1, 2020 to December 31, 2020 was a variation from Provision 2.3 of the Singapore CG Code. With the re-designation of Mr. Leung Chun Wah as a NED and resignation of Mr. Kwok Chan Cheung as an executive Director with effect from January 1, 2021, the current Board composition complies with Provision 2.3 of the Singapore CG Code.

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, 2021.

REVIEW BY AUDIT COMMITTEE

The Board has established an audit committee (the “Audit Committee”) with written terms of reference in compliance with the HK CG Code and the Main Board rules of the listing manual of the SGX-ST. The Audit Committee currently comprises all of the three INEDs, namely Lim Lee Meng (committee chairman), Wong Kwan Seng, Robert and Iu Po Chan, Eugene. The Group’s audited annual results and the Company’s draft annual report for the year ended March 31, 2021 have been reviewed by the Audit Committee.

AUDIT OR REVIEW OF THE FINANCIAL RESULTS

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as at and for the year ended March 31, 2021 have been audited by the Company’s independent auditor, Deloitte Touche Tohmatsu, Hong Kong and the independent auditor’s report is attached as Appendix to this announcement.

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

This results announcement is published on the website of Hong Kong Exchanges and Clearing Limited (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. The annual report of the Company for the year ended March 31, 2021 will be despatched to the Shareholders and published on the respective websites of the HKEx, the Company and the SGX-ST in due course in the manner as required by the HK Listing Rules and the Main Board rules of the listing manual of 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		
	2021	2020	Increase
	<i>HK\$'000</i>	<i>HK\$'000</i>	%
(a) Sales reported for first half year	1,687,189	1,672,407	0.9%
(b) Operating profit (loss) after tax reported for first half year	22,393	(55,820)	NM
(c) Sales reported for second half year	1,870,746	1,502,852	24.5%
(d) Operating profit (loss) after tax reported for second half year	70,090	(16,733)	NM

NM – Not Meaningful

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	Previous Full Year
	<i>HK\$'000</i>	<i>HK\$'000</i>
(a) Ordinary		
Final dividend for 2019 (Paid)	–	17,041
Final dividend for 2020 (Paid)	–	–
Proposed final dividend for 2021	28,118	–
(b) Preference	–	–
Total:	28,118	17,041

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, May 28, 2021

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 Wong Kwan Seng, Robert, Iu Po Chan, Eugene and Lim Lee Meng.

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, 2021 is as follows:

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
WILLAS-ARRAY ELECTRONICS (HOLDINGS) LIMITED
For the financial year ended March 31, 2021**

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 of the Group as at March 31, 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group 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, 2021, 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 Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were 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 these matters.

Key audit matter**How our audit addressed the key audit matter*****Allowance for inventories***

We identified the allowance for inventories as a key audit matter as the Group operates in a fast evolving industry where inventories comprise of electronic components which are subject to rapid technological changes and price changes. As such, significant management estimates and judgements are involved in determining the allowance for inventories.

The Group makes allowance for inventories based on an assessment of the net realisable value of inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than cost. The management of the Group reviewed the inventory aging report at the end of the reporting period to identify inventories that are obsolete and estimated the net realisable value for those items based on latest selling price.

As disclosed in Note [•] to the consolidated financial statements, as at March 31, 2021, the carrying amount of the Group's inventories was HK\$259,783,000, net of allowance for inventories of HK\$9,956,000.

Our audit procedures in relation to the allowance for inventories included:

- Understanding and evaluating the basis on identification of slow-moving or obsolete inventories by the management, and their assessment of net realisable value and allowance for inventories;
- Engaging our internal information technology specialists to perform a computer assisted audit techniques exercise to test the accuracy of the inventories aging listed in the system generated report, and assessing whether allowance was properly provided for aged inventories after taking into account subsequent sales;
- Testing the net realisable values of inventories, on a sample basis, by reference to latest sales margin report to identify inventories that are obsolete or selling at loss and assessing whether the allowance was properly provided for the relevant inventories; and
- Performing retrospective review of management judgements and assumptions applied in prior period.

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, 2021, the Group's net trade receivables amounting to HK\$844,049,000, which represented approximately 51% of total assets of the Group and out of these trade receivables of HK\$192,121,000 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 provision matrix 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, 2021.

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 provision matrix, including trade receivables aging analysis as at March 31, 2021, 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, 2021, including their identification of credit-impaired trade receivables, the reasonableness of management's grouping of the remaining trade debtors into different categories in the provision matrix, and the basis of estimated loss rates applied in each category in the provision matrix with reference to historical default rates and forward-looking information;
- Evaluating the disclosures regarding the impairment assessment of trade receivables in Notes [•] and [•], respectively to the consolidated financial statements; and

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, 2021 amounted to HK\$46,313,000.

- Testing subsequent settlements of trade receivables, on a sample basis, by inspecting supporting documents in relation to cash receipt from trade debtors subsequent to the end of the current reporting period.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the financial highlights, chairman's statement, management discussion and analysis, corporate governance report, report of the directors, statement of directors and environmental, social and governance report, but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the shareholders' information, which is expected to be made available to us after that date.

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 Yau Wing Chi.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
May 28, 2021