

This format of the financial statements is not exhaustive. Listed companies should include separate disclosure of any item which is material because of its size and/or incidence so as to give a proper understanding of the group's performance.

Adequate disclosure should be given to explain any material exceptional and/or extraordinary item either in a footnote or in the "Review of the performance of the company and its principal subsidiaries".

## WILLAS-ARRAY ELECTRONICS (HOLDINGS) LIMITED

### Proforma Half Year Financial Statement And Dividend Announcement

Financial statements for the six months ended 30<sup>th</sup> September, 2002.

These figures have not been audited.

Where the figures have been audited, the auditors' report (including any qualifications or emphasis of matter) must be set out.

		Group			Company		
		HK\$'000	%	HK\$'000	%		
		30/09/2002	30/09/2001	Increase/ (Decrease)	30/09/2002	30/09/2001	Increase/ (Decrease)
1.(a)	Turnover	616,743	500,905	23.1	0	0	0
1.(b)	Cost of sales or classification as followed in the most recent audited annual financial statements	536,240	439,156	22.1	0	0	0
1.(c)	Gross profit/loss	80,503	61,749	30.4	0	0	0
1.(d)	Investment income	0	0	0	0	0	0
1.(e)	Other income including interest income	2,167	3,327	-34.9	1,201	6	Not Meaningful
2.(a)	Operating profit before income tax, minority interests, extraordinary items, interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items	29,919	20,733	44.3	89	(325)	127.4
2.(b)(i)	Interest on borrowings	2,807	5,133	-45.3	0	0	0
2.(b)(ii)	Depreciation and amortisation	2,236	2,244	-0.4	0	0	0
2.(b)(iii)	Foreign exchange gain/(loss)	(5,650)	380	-1,586.8	(45)	0	N/A
2.(c)	Exceptional items (provide separate disclosure of items)	0	0	0	0	0	0

		Group			Company		
		HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
		30/09/2002	30/09/2001	Increase/ (Decrease)	30/09/2002	30/09/2001	Increase/ (Decrease)
2.(d)	Operating profit before income tax, minority interests and extraordinary items but after interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items	19,226	13,736	40.0	44	(325)	113.5
2.(e)	Income derived from associated companies (With separate disclosure of any items included therein which are exceptional because of size & incidence)	0	0	0	0	0	0
2.(f)	Operating profit before income tax	19,226	13,736	40.0	44	(325)	113.5
2.(g)	Less income tax (Indicate basis of computation) (Note)	(4,294)	(3,040)	41.3	0	0	0
2.(g)(i)	Operating profit after tax before deducting minority interests	14,932	10,696	39.6	44	(325)	113.5
2.(g)(ii)	Less minority interests	441	0	N/A	0	0	0
2.(h)	Operating profit after tax attributable to members of the company	15,373	10,696	43.7	44	(325)	113.5
2.(i)(i)	Extraordinary items (provide separate disclosure of items)	0	0	0	0	0	0
2.(i)(ii)	Less minority interests	0	0	0	0	0	0
2.(i)(iii)	Extraordinary items attributable to members of the company	0	0	0	0	0	0
2.(i)(iv)	Transfer to/from Exchange Reserve	0	0	0	0	0	0
2.(i)(v)	Transfer to Capital Reserve	0	0	0	0	0	0
2.(i)(vi)	Transfer to Reserve Fund	0	0	0	0	0	0
2.(j)	Operating profit after tax and extraordinary items attributable to members of the company	15,373	10,696	43.7	44	(325)	113.5

Note: Tax expense is determined on the basis of tax effect accounting, using the liability method, and it is applied to all significant temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, except that a debit to the deferred tax balance is not carried forward unless there is a reasonable expectation of realisation.

Deferred tax is charged or credited to the profit and loss statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Group Figures

		Latest period	Previous corresponding period
3.(a)	Operating profit [2(g)(i) above] as a percentage of turnover [1(a) above]	2.42%	2.14%
3.(b)	Operating profit [2(h) above] as a percentage of issued capital and reserves at end of the period	6.90%	5.13%
3.(c)	Earnings per ordinary share for the period based on 2(h) above after deducting any provision for preference dividends:-		
	(i) Based on weighted average number of ordinary shares in issue	5.78 (HK Cents)	4.47 (HK Cents)
	(ii) On a fully diluted basis	N/A	N/A
	(To disclose the basis used in arriving at the weighted average number of shares for the purposes of (c)(i) above and to provide details of any adjustments made for the purpose of (c)(ii) above)		
3.(d)	Net tangible asset backing per ordinary share based on existing issued share capital as at the end of the period reported on	83.80 (HK Cents)	78.45 (HK Cents)

3.(e) To provide an analysis of expenses based on their function within the group for the current and previous corresponding period

	HK\$'000		%
	30/09/2002	30/09/2001	Increase/(Decrease)
Distribution costs	8,026	3,926	104.4
Administrative expenses	52,611	42,281	24.4
Finance cost	2,807	5,133	-45.3

Notes:

Under item 3.(c)

The earnings per share for the current period is based on 266,000,000 ordinary shares of HK\$0.20 each in issue during the financial period. The basic earnings per share for the previous year is based on the weighted average number of 239,103,825 ordinary shares of HK\$0.20 each in issue during that period.

No disclosure of the diluted earnings per share is shown as the effect of the potential ordinary shares in issue is anti-dilutive for both periods.

Under item 3.(d)

The net tangible asset backing per ordinary share as at 30<sup>th</sup> September, 2002 and 30<sup>th</sup> September, 2001 are both based on the issued share capital of 266,000,000 shares of HK\$0.20 each at that date.

Under item 3.(e)

Distribution costs and administrative expenses increased along with the expansion of the operations of the Group in China and South Korea during the half year ended 30<sup>th</sup> September, 2002. This was mainly attributable to the increase in staff costs due to the increase in headcount as well as staff training program to upgrade the skills of our staff.

Finance cost decreased compared with the same period in 2001 mainly due to the reduction in interest rate for the half year ended 30<sup>th</sup> September, 2002.

Exchange loss for the half year ended 30<sup>th</sup> September, 2002 mainly resulted from the appreciation of Japanese Yen against Hong Kong dollar relating to the purchases of inventories.

Item 4 is not applicable to interim results	Group			Company		
	HK\$'000		%	HK\$'000		%
	30/09/2002	30/09/2001	Increase/ (Decrease)	30/09/2002	30/09/2001	Increase/ (Decrease)
4.(a) Sales reported for first half year						
4.(b) Operating profit [2(g)(i) above] reported for first half year						
4.(c) Sales reported for second half year						
4.(d) Operating profit [2(g)(i) above] reported for second half year						

5.(a) Amount of any adjustment for under or overprovision of tax in respect of prior years

Not Applicable

5.(b) Amount of any pre-acquisition profits

Not Applicable

5.(c) Amount of profits on any sale of investments and/or properties

Item 5 (c ) Table

Sale of investments / properties	HK\$ Profit / (Loss)
Not applicable	

5.(d) Any other comments relating to Paragraph 5

Not Applicable

6. Segmental Results

(a) Geographical Segments

The Group reports its primary segment information on geographic location of the customers which is organised in accordance with their parent company's country of origin and the details for the financial periods ended 30<sup>th</sup> September, 2002 and 2001 are presented below:

	<u>Hong Kong</u> HK\$'000	<u>People's Republic of China</u> HK\$'000	<u>Others</u> HK\$'000	<u>Total</u> HK\$'000
<b>2002</b>				
<b>Revenue</b>				
Sales of goods	<u>467,735</u>	<u>137,797</u>	<u>11,211</u>	<u>616,743</u>
<b>Result</b>				
Segment result	<u>35,384</u>	<u>1,690</u>	<u>(655)</u>	36,419
Other operating income				2,167
Unallocated corporate expenses				<u>(16,553)</u>
Profit from operations				22,033
Finance cost				<u>(2,807)</u>
Profit before income tax				19,226
Income tax				<u>(4,294)</u>
Profit after income tax				14,932
Minority interest				<u>441</u>
Profit attributable to shareholders				<u>15,373</u>
	<u>Hong Kong</u> HK\$'000	<u>People's Republic of China</u> HK\$'000	<u>Others</u> HK\$'000	<u>Total</u> HK\$'000
<b>2001</b>				
<b>Revenue</b>				
Sales of goods	<u>384,317</u>	<u>107,781</u>	<u>8,807</u>	<u>500,905</u>
<b>Result</b>				
Segment result	<u>26,956</u>	<u>3,278</u>	<u>(141)</u>	30,093
Other operating income				3,327
Unallocated corporate expenses				<u>(14,551)</u>
Profit from operations				18,869
Finance cost				<u>(5,133)</u>
Profit before income tax				13,736
Income tax				<u>(3,040)</u>
Profit after income tax				10,696
Minority interest				<u>--</u>
Profit attributable to shareholders				<u>10,696</u>

(b) Business Segments

As the operations of the Group focus in distribution of electronics components, the assets and revenue of the Group as at September 30, 2002 and September 30, 2001 and for the financial periods then ended are respectively deployed in and derived from this business segment.

7.(a) Review of the performance of the company and its principal subsidiaries

Turnover for the half year ended 30<sup>th</sup> September, 2002 increased by HK\$115.8 million to HK\$616.7 million, representing a 23.1% increase when compared to turnover of HK\$500.9 million during the same period in 2001. The overall increase in turnover was attributable partly to increased sales and marketing efforts and partly to improved market condition as compared to same period last year.

Gross profit for the half year ended 30<sup>th</sup> September, 2002 improved by HK\$18.8 million, or 30.4%, from HK\$61.7 million for the same period in 2001 to HK\$80.5 million. As a percentage of sales, gross profit increased slightly from 12.3% for the half year ended 30<sup>th</sup> September, 2001 to 13.1% for the same period in 2002.

Other income decreased mainly due to a decrease in commission income of HK\$1.0 million. For the half year ended 30<sup>th</sup> September, 2001, the Company received a HK\$1.2 million commission income from our major principals as an incentive rebate for achieving certain sales target.

The increase in income tax was mainly due to the greater tax provision upon the rise in operating profit of the Group. The effective tax rate maintained at similar level of 22.3% in 2002 and 22.1% in 2001.

Minority interest for the half year ended 30<sup>th</sup> September, 2002 represents a 30% equity interest of overseas partners in a joint venture which is engaged in the business of electronics components distribution in South Korea.

Net profit for the half year ended 30<sup>th</sup> September, 2002 amounted to HK\$15.4 million, an improvement of HK\$4.7 million over the net profit of HK\$10.7 million for the same period in 2001. The improvement was mainly attributable to an improvement in turnover, which in turn was due to an improvement in market condition as compared to same period in 2001.

7.(b) Where a forecast, or a prospect statement, has been previously disclosed to shareholders, the issuer must explain any variance between the forecast or prospect statement and the actual results

In our previous report, we mentioned that "Since the start of this current year, we have seen orders picking up. If the growth momentum we have seen so far continues into the second half of the year, and barring any surprises, we expect to do better this year."

The current announcement relating to the first six months results are in line with the above expectation.

- 7.(c) A statement by the Directors of the Company whether any item or event of a material or unusual nature, which would have affected materially the results of operations of the Group and Company, has occurred between the date to which the report refers and the date on which the report is issued. If none, to give a negative statement.

In the opinion of the directors, no item, transaction or event of a material or unusual nature has arisen since the end of the period under review to the date of this Announcement, which will affect substantially the results of the operations of the Group and of the Company for the six months ended 30<sup>th</sup> September, 2002.

8. A commentary at the date of this announcement of the 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

While current year's market has improved as compared to the same period last year, visibility of the electronics industry worldwide in the near future remains cloudy as the uncertainty in the global economy is inhibiting consumer spending, heightened in part by current geopolitical risks. However, in spite of such difficult environment, China is expected to maintain its growth momentum due to its admission to the World Trade Organisation. As a result, the components industry in China is expected to receive a significant boost, raising global outsourcing trend and increasing exports from indigenous China companies. By leveraging our strengths in the electronics components distribution industry, barring unforeseeable circumstances, we are confident that we can continue to achieve a positive result for the coming six months.

9. Dividend

*(a) Present Period*

Name of Dividend	NIL
Dividend Type	NIL
Dividend Rate	NIL
Par value of shares	NIL
Tax Rate	NIL

*(b) Previous Corresponding Period*

Name of Dividend	NIL
Dividend Type	NIL
Dividend Rate	NIL
Par value of shares	NIL
Tax Rate	NIL

*(c) Total Annual Dividend (if applicable)*

	Latest Year (HK\$'000)	Previous Year (HK\$'000)
Ordinary	0	0
Preference	0	0
Total:	0	0

*(d) Date payable*

Not Applicable

(e) Books closure date

Not Applicable

(f) Any other comments relating to Paragraph 9

NIL



10.(a) Balance sheet

	The Group		The Company	
	30/09/2002 HK\$'000	31/03/2002 HK\$'000	30/09/2002 HK\$'000	31/03/2002 HK\$'000
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and bank balances	126,084	135,159	234	38
Trade receivables	226,894	160,116	--	--
Inventories	162,284	98,339	--	--
Other receivables and prepayments	6,220	3,521	1,405	73,981
<b>Total current assets</b>	<b>521,482</b>	<b>397,135</b>	<b>1,639</b>	<b>74,019</b>
<b>Non-current assets:</b>				
Property, plant and equipment	37,406	36,049	--	--
Other investments	1,090	810	--	--
Subsidiaries	--	--	169,856	117,470
<b>Total non-current assets</b>	<b>38,496</b>	<b>36,859</b>	<b>169,856</b>	<b>117,470</b>
<b>Total assets</b>	<b>559,978</b>	<b>433,994</b>	<b>171,495</b>	<b>191,489</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Trust receipt loans	120,197	66,110	--	--
Trade payables	151,575	72,467	--	--
Other payables	19,262	13,718	1,947	10,201
Bank borrowings	16,720	30,698	--	--
Income tax payable	3,266	--	--	--
Current portion of hire purchase contracts	747	614	--	--
<b>Total current liabilities</b>	<b>311,767</b>	<b>183,607</b>	<b>1,947</b>	<b>10,201</b>
<b>Non-current liabilities:</b>				
Long-term bank borrowings	20,740	29,100	--	--
Obligations under hire purchase contracts	741	615	--	--
Deferred income tax	1,861	1,861	--	--
<b>Total non-current liabilities</b>	<b>23,342</b>	<b>31,576</b>	<b>--</b>	<b>--</b>
<b>Minority interest</b>	<b>1,962</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Capital and reserves:</b>				
Issued capital	53,200	53,200	53,200	53,200
Share premium	40,270	40,270	40,270	40,270
Contributed surplus	75,070	75,070	75,070	75,070
Translation reserve	(150)	(657)	--	--
Dividend reserve	--	11,784	--	11,784
Accumulated profits	54,517	39,144	1,008	964
<b>Total equity</b>	<b>222,907</b>	<b>218,811</b>	<b>169,548</b>	<b>181,288</b>
<b>Total liabilities and equity</b>	<b>559,978</b>	<b>433,994</b>	<b>171,495</b>	<b>191,489</b>

10.(b) Cash flow statement

	30/09/2002 HK\$'000	30/09/2001 HK\$'000
Cash flows from operating activities:		
Profit before income tax	19,226	13,736
Adjustments for:		
Depreciation expense	2,236	2,244
Interest expense	2,807	5,133
Loss on disposal of property, plant and equipment	200	337
Allowances for doubtful debts	2,648	1,576
Allowances for inventories	3,519	3,591
Interest income	(1,421)	(1,744)
Operating profit before working capital changes	<u>29,215</u>	<u>24,873</u>
Trade receivables	(69,426)	(18,660)
Inventories	(67,464)	5,632
Other receivables and prepayments	(3,284)	(253)
Trade payables	79,108	(5,117)
Other payables	5,544	(6,409)
Cash (used in) generated from operations	<u>(26,307)</u>	<u>66</u>
Dividend paid	(11,784)	--
Income tax paid	(443)	(337)
Interest paid	(2,807)	(5,133)
Interest received	1,421	1,744
Net cash used in operating activities	<u>(39,920)</u>	<u>(3,660)</u>
Cash flows from investing activities:		
Purchase of property, plant and equipment	(3,293)	(4,193)
Purchase of other investment	(280)	--
Proceeds from disposal of property, plant and equipment	650	99
Net cash used in investing activities	<u>(2,923)</u>	<u>(4,094)</u>
Cash flows from financing activities:		
Increase (decrease) in trust receipt loans	54,087	(14,401)
Contribution from minority shareholders of a subsidiary	2,340	--
Repayment of bank borrowings	(22,338)	--
Repayment of obligations under hire purchase contracts	(827)	(202)
Proceeds from bank borrowings	--	19,968
Proceeds from issue of shares	--	64,044
Share issue expenses paid	--	(5,679)
Net cash generated from financing activities	<u>33,262</u>	<u>63,730</u>
Net effect of exchange rate changes in consolidating subsidiary	506	(341)
Net (decrease) increase in cash and cash equivalents	<u>(9,075)</u>	<u>55,635</u>
Cash at beginning of the period	<u>135,159</u>	<u>44,149</u>
Cash at end of the period	<u><u>126,084</u></u>	<u><u>99,784</u></u>

10.(c) Statement of changes in equity

<b>GROUP</b>	Issued capital HK\$'000	Share premium HK\$'000	Contribution surplus HK\$'000	Translation reserve HK\$'000	Dividend reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
Balance at 31/03/2001	1,000	--	116,570	149	--	29,680	147,399
Bonus issue of new shares from contributed surplus	41,500	--	(41,500)	--	--	--	--
Issue of shares by way of public offer	10,700	53,344	--	--	--	--	64,044
Share issue expenses	--	(13,074)	--	--	--	--	(13,074)
Exchange difference arising from translation of overseas operations	--	--	--	(806)	--	--	(806)
Net profit for the year	--	--	--	--	--	21,248	21,248
Proposed dividend	--	--	--	--	11,784	(11,784)	--
Balance at 31/03/2002	53,200	40,270	75,070	(657)	11,784	39,144	218,811
Exchange difference arising from translation of overseas operations	--	--	--	507	--	--	507
Dividend paid	--	--	--	--	(11,784)	--	(11,784)
Net profit for the period	--	--	--	--	--	15,373	15,373
Balance at 30/09/2002	53,200	40,270	75,070	(150)	--	54,517	222,907

<b>COMPANY</b>	Issued capital HK\$'000	Share premium HK\$'000	Contribution surplus HK\$'000	Translation reserve HK\$'000	Dividend reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
Balance at 31/03/2001	1,000	--	116,570	--	--	723	118,293
Bonus issue of new shares from contributed surplus	41,500	--	(41,500)	--	--	--	--
Issue of shares by way of public offer	10,700	53,344	--	--	--	--	64,044
Share issue expenses	--	(13,074)	--	--	--	--	(13,074)
Net profit for the year	--	--	--	--	--	12,025	12,025
Proposed dividend	--	--	--	--	11,784	(11,784)	--
Balance at 31/03/2002	53,200	40,270	75,070	--	11,784	964	181,288
Dividend paid	--	--	--	--	(11,784)	--	(11,784)
Net profit for the period	--	--	--	--	--	44	44
Balance at 30/09/2002	53,200	40,270	75,070	--	--	1,008	169,548

10.(d) Explanatory notes that are material to an understanding of the information provided in 10.(a), (b) and (c) above

At 30<sup>th</sup> September, 2002, the Company had working capital of HK\$209.7 million, which included a cash balance of HK\$126.1 million, compared to working capital of HK\$213.5 million, which included a cash balance of HK\$135.2 million at 31<sup>st</sup> March, 2002. The decrease in cash balance by HK\$9.1 million was mainly attributable to dividend paid to shareholders during the half year ended 30<sup>th</sup> September, 2002.

The increase in accounts receivable was mainly attributable to the increase in sales turnover for the half year ended 30<sup>th</sup> September, 2002 when compared with the same period in 2001. The debtors turnover period maintained at similar level of about 2 months as of 31<sup>st</sup> March, 2002.

For the year ended 31<sup>st</sup> March, 2002, the Company maintained a low level of buffer stock due to declining demand for electronic products. However, since the beginning of this fiscal year, we have experienced an increase of orders. As a result, the Company gradually increase inventory level to meet the growing demand. The stock turnover period increased slightly from 1.5 months as of 31<sup>st</sup> March, 2002 to 1.7 months as of 30<sup>th</sup> September, 2002.

The Company had working capital facilities with various banks at 30<sup>th</sup> September, 2002 and believes that funds to be generated from operations, together with the existing cash balance and available banking facilities, will enable us to meet anticipated future cash flow requirements.

11. Details of any changes in the company's issued share capital

NIL

12. The group's borrowings and debt securities as at the end of the financial period reported on, and comparative figures as at the end of the most recently announced financial statements

(a) Amount repayable in one year or less, or on demand

As at 30/09/2002		As at 31/03/2002	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
747	136,917	31,312	66,110

(b) Amount repayable after one year

As at 30/09/2002		As at 31/03/2002	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
741	20,740	29,715	0

(c) Any other comments relating to Paragraph 12

NIL

13. A statement that the same accounting polices and methods of computation are followed in the financial statements as compared with the most recent audited annual financial statements. Where there have been any changes or departure from the accounting policies and methods of computation, including those required by an accounting standard, this should be disclosed together with the reasons for the change and the effect of the change

The accounting policies adopted and methods of computation used are consistent with those followed in the preparation of the Group's audited annual financial statements for the year ended 31<sup>st</sup> March, 2002.

**BY ORDER OF THE BOARD**

**Leung Chun Wah  
Chairman**

**27/11/2002**