

Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the group".

WILLAS-ARRAY ELECTRONICS (HOLDINGS) LIMITED

Proforma Full Year Financial Statement And Dividend Announcement

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	2003 HK\$'000	2002 HK\$'000	Increase (Decrease) %
Revenue	1,270,194	957,056	32.7
Cost of sales	(1,119,713)	(837,998)	33.6
Gross profit	150,481	119,058	26.4
Other operating income	12,120	15,727	-22.9
Distribution costs	(17,136)	(8,116)	111.1
Administrative expenses	(109,069)	(91,487)	19.2
Profit from operations	36,396	35,182	3.5
Finance costs	(5,644)	(8,142)	-30.7
Profit before income tax	30,752	27,040	13.7
Income tax	(7,779)	(5,792)	34.3
Profit before minority interests	22,973	21,248	8.1
Minority interests	871	--	N/A
Profit attributable to shareholders	23,844	21,248	12.2

The profit before income tax had been arrived at after charging (crediting) the following:

	2003 HK\$'000	2002 HK\$'000
Depreciation	4,516	4,609
Allowance for doubtful trade receivables	3,219	5,180
Allowance for doubtful trade receivables written back	(441)	(205)
Allowance for inventories	5,878	10,354
Foreign exchange loss (gain)	2,401	(3,959)
Loss on disposal of property, plant and equipment	629	1,458
Write back of impairment allowance on other investments	119	--
(Over) under provision of income tax in prior year	(341)	73

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	The Group		The Company	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
ASSETS				
Current assets:				
Cash and bank balances	148,567	135,159	102	38
Trade receivables	210,192	160,116	--	--
Other receivables and prepayments	5,348	3,521	66,098	73,981
Inventories	183,979	98,339	--	--
Total current assets	<u>548,086</u>	<u>397,135</u>	<u>66,200</u>	<u>74,019</u>
Non-current assets:				
Property, plant and equipment	36,964	36,049	--	--
Other investments	1,190	810	--	--
Deposits for acquisition of investments	6,248	--	--	--
Subsidiaries	--	--	117,470	117,470
Total non-current assets	<u>44,402</u>	<u>36,859</u>	<u>117,470</u>	<u>117,470</u>
Total assets	<u><u>592,488</u></u>	<u><u>433,994</u></u>	<u><u>183,670</u></u>	<u><u>191,489</u></u>
LIABILITIES AND EQUITY				
Current liabilities:				
Trust receipt loans	107,344	66,110	--	--
Trade payables	196,417	72,467	--	--
Other payables	19,101	13,718	2,092	10,201
Income tax payable	3,709	--	--	--
Current portion of long-term borrowings	16,720	30,698	--	--
Current portion of obligations under finance leases	697	614	--	--
Total current liabilities	<u>343,988</u>	<u>183,607</u>	<u>2,092</u>	<u>10,201</u>
Non-current liabilities:				
Long-term bank borrowings	12,380	29,100	--	--
Obligations under finance leases	346	615	--	--
Deferred income tax	1,861	1,861	--	--
Total non-current liabilities	<u>14,587</u>	<u>31,576</u>	<u>--</u>	<u>--</u>
Minority interests	<u>2,303</u>	<u>--</u>	<u>--</u>	<u>--</u>
Capital and reserves:				
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
Currency translation reserve	82	(657)	--	--
Dividend reserve	11,943	11,784	11,943	11,784
Accumulated profits	51,045	39,144	1,095	964
Total equity	<u>231,610</u>	<u>218,811</u>	<u>181,578</u>	<u>181,288</u>
Total liabilities and equity	<u><u>592,488</u></u>	<u><u>433,994</u></u>	<u><u>183,670</u></u>	<u><u>191,489</u></u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities**Amount repayable in one year or less, or on demand**

As at 31/03/2003		As at 31/03/2002	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
697	124,064	31,312	66,110

Amount repayable after one year

As at 31/03/2003		As at 31/03/2002	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
346	12,380	29,715	0

Details of any collateral

The Group's secured borrowings at 31st March 2003 are in respect of assets acquired under finance lease arrangements. The secured borrowings at 31st March 2002 are secured by way of a charge over certain of the Group's bank deposits and assets acquired under finance lease arrangements.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	2003	2002
	HK\$'000	HK\$'000
Cash flows from operating activities:		
Profit before income tax	30,752	27,040
Adjustments for:		
Depreciation expense	4,516	4,609
Interest expense	5,644	8,142
Loss on disposal of property, plant and equipment	629	1,458
Allowances for doubtful trade receivables	2,778	4,975
Allowances for inventories	5,878	10,354
Write back of impairment allowance on other investments	(119)	--
Interest income	(2,471)	(2,967)
Operating profit before working capital changes	<u>47,607</u>	<u>53,611</u>
Trade receivables	(52,854)	518
Other receivables and prepayments	(1,496)	2,241
Inventories	(91,518)	34,012
Trade payables	123,950	(16,666)
Other payables	5,383	(5,477)
Cash generated from operations	<u>31,072</u>	<u>68,239</u>
Dividend paid	(11,784)	--
Income tax paid	(4,401)	(9,726)
Interest paid	(5,644)	(8,142)
Interest received	2,471	2,967
Net cash generated from operating activities	<u>11,714</u>	<u>53,338</u>
Cash flows from investing activities:		
Deposits paid for acquisition of investments	(6,248)	--
Purchase of property, plant and equipment	(5,497)	(5,267)
Acquisition of other investments	(280)	--
Acquisition of a subsidiary – net of cash acquired	(100)	--
Capital contribution from minority interests	3,120	--
Proceeds from disposal of property, plant and equipment	654	1,390
Proceeds from capital recoupment of other investments	119	--
Net cash used in investing activities	<u>(8,232)</u>	<u>(3,877)</u>
Cash flows from financing activities:		
Increase (decrease) in trust receipt loans	41,234	(75,341)
Repayment of bank borrowings	(30,698)	(10,170)
Repayment of obligations under finance leases	(1,335)	(588)
Proceeds from bank borrowings	--	69,968
Proceeds from issue of shares	--	64,044
Share issue expenses paid	--	(5,679)
Net cash generated from financing activities	<u>9,201</u>	<u>42,234</u>
Net effect of exchange rate changes in consolidating subsidiaries	<u>725</u>	<u>(685)</u>
Net increase in cash	13,408	91,010
Cash at beginning of the year	<u>135,159</u>	<u>44,149</u>
Cash at end of the year	<u><u>148,567</u></u>	<u><u>135,159</u></u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

GROUP

	Issued capital	Share premium	Contribution surplus	Currency Translation reserve	Dividend reserve	Accumulated profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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 differences 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 differences arising from translation of overseas operations	--	--	--	739	--	--	739
Net profit for the year	--	--	--	--	--	23,844	23,844
Dividend paid	--	--	--	--	(11,784)	--	(11,784)
Proposed dividend	--	--	--	--	11,943	(11,943)	--
Balance at 31/03/2003	53,200	40,270	75,070	82	11,943	51,045	231,610

COMPANY

	Issued capital	Share premium	Contribution surplus	Currency Translation reserve	Dividend reserve	Accumulated profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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
Net profit for the year	--	--	--	--	--	12,074	12,074
Dividend paid	--	--	--	--	(11,784)	--	(11,784)
Proposed dividend	--	--	--	--	11,943	(11,943)	--
Balance at 31/03/2003	53,200	40,270	75,070	--	11,943	1,095	181,578

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There has been no change in the Company's issued share capital in the current financial year. The number of issued and fully paid up ordinary shares at 31st March 2003 and 31st March 2002 were 266,000,000 at HK\$0.20 each.

At 31st March, 2003, the total number of ordinary share options was 20,636,000 (2002: 10,124,000). 388,000 share options were cancelled upon resignation of the holders during the year.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have neither been audited nor reviewed by the auditors.

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

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

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 31st March, 2002.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

There were no changes in the accounting policies and methods of computation of the Group other than those required by the changes in Singapore Statements of Accounting Standards, the effects of which are insignificant.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

Group Figures

Earnings per ordinary share	2003	2002
(i) Based on weighted average number of ordinary shares in issue	8.96 (HK cents)	8.41 (HK cents)
(ii) On a fully diluted basis	N/A	N/A

The basic earnings per share for 2003 is calculated based on 266,000,000 ordinary shares in issue during the year (2002: weighted average number of 252,515,000 ordinary shares).

No diluted earnings per share has been presented because the exercise price of the Company's options was higher than the average market price for shares for 2003, and the effect of dilution in respect of the exercise of share options is not material for 2002.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

Group Figures

Net asset value per ordinary share	2003	2002
Based on issued share capital of the Company at the end of the year	87.07 (HK cents)	82.26 (HK cents)

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Income Statement

Overall electronics market for the past financial year had not been promising due to the marine dock strike in the west coast of the USA and the threat of war between the US and Iraq. The effect of the oversupply situation of the industry in the year earlier had been carried forward from the past financial year and had resulted in price competition which in turn had affected the overall margin. As a percentage of sales, gross profit decreased from 12.4% to 11.8%.

Despite the adverse factor, group turnover in financial year 2003 increased by HK\$313.1 million to HK\$1,270.2 million, representing a 32.7% increase when compared to turnover of HK\$957.1 million in previous year. The overall increase in turnover was achieved through winning customers from competitors, strengthening our marketing team and market coverage into new product segments.

Distribution costs and administrative expenses increased by 26.7% from HK\$99.6 million to HK\$126.2 million for 2003. The increase in distribution costs was attributable to increased sales

incentive to boost sales and increased transportation charges corresponding to higher sales. The increase in administrative expenses was mainly attributable to increase of staff and training programme for all employees in current year.

Minority interest represents our overseas partners' interests in two joint ventures, 30% and 10% equity interest, respectively, in South Korea. These joint ventures are engaged in the business of electronics components distribution in South Korea market.

Balance Sheet

The increase in trade receivables was mainly attributable to the increase in sales turnover in the current financial year when compared to the financial year 2002. The debtors turnover has maintained stable at the level of about 2 months.

For the year ended 31st March, 2002, the group maintained a low level of buffer stock due to aftermath of 9/11 incident. However, since the beginning of financial year 2003, with the increased sales and marketing effort cited above, we have experienced an increase of orders. This, coupled with the demand to be induced by the new set-ups in Korea and Shanghai, the Group has gradually increased inventory level to meet the growing demand. Accordingly the stock holding period increased from 1.5 months as of 31st March, 2002 to 2.0 months as of 31st March 2003.

Trade payables increased in 2003 as compared to 2002. The increase was in line with the increased purchases to accommodate increased sales for the coming year.

Cash Flow Statement

At 31st March 2003, the Company had working capital of HK\$204.1 million, which included a cash balance of HK\$148.6 million, compared to working capital of HK\$213.5 million, which included a cash balance of HK\$135.2 million at 31st March, 2002. The increase in cash by HK\$13.4 million was mainly generated from operating activities and financing arrangements.

Cash flows from operating activities decreased by HK\$41.6 million was mainly attributable to dividend paid to shareholders and the net decrease in working capital during the financial year 2003.

Cash flows from financing activities decreased by HK\$33.0 million as there were proceeds from issuance of shares during the financial year 2002 but not in the current financial year.

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

The current announced results are in line with the prospect statement previously disclosed to the shareholders in the half year announcement.

10. A commentary at the date of the 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 and the next 12 months

The current market condition has improved as compared to the same period last year. We are optimistic about the prospects for the next 12 months with the gradual recovery of the global economy. To date, the Group's expansion plans and operations have not been materially and

adversely affected by the repercussions due to the outbreak of the severe acute respiratory syndrome.

China will remain our targeted growth market. With its continuous expansion in manufacturing capabilities and its strong export growth, our Group will increase our marketing and sales activities in the Country so as to gain more market shares. Our two joint ventures in South Korea will provide us additional opportunities for growth there, particularly in the segment of communications and its related areas.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	First & final
Dividend Type	Cash
Dividend Rate	HK\$0.0449 per ordinary share (equivalent to S\$0.01)
Par value of shares	HK\$0.20 each
Tax Rate	Not applicable

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	First & final
Dividend Type	Cash
Dividend Rate	HK\$0.0443 per ordinary share (equivalent to S\$0.01)
Par value of shares	HK\$0.20 each
Tax Rate	Not applicable

(c) Date payable

The proposed first and final dividend, if approved by shareholders of the Company at the Annual General Meeting to be held on 26th August 2003, will be payable on 23rd September 2003.

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Share Transfer books and Register of Members of the Company will be closed on 9th September, 2003 on which day no share transfer will be effected. Duly completed transfers received by the Company's Share Transfer Agent, Compact Administrative Services Pte Limited of 6 Shenton Way, #28-09, DBS Building Tower Two, Singapore 068809 up to the close of business at 5.00 pm on 8th September 2003 will be registered to determine shareholders' entitlements to the proposed dividend.

12. If no dividend has been declared/recommended, a statement to that effect

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

(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 year ended 31st March, 2003 and 2002 are presented below:

	Hong Kong		People's Republic of China ("PRC")		Others		Total	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Revenue								
Sales of goods	954,358	728,083	254,206	213,676	61,630	15,297	1,270,194	957,056
Result								
Segment result	60,252	43,633	880	5,307	(2,328)	652	58,804	49,592
Other operating income							12,120	15,727
Unallocated corporate expenses							(34,528)	(30,137)
Profit from operations							36,396	35,182
Finance costs							(5,644)	(8,142)
Profit before income tax							30,752	27,040
Income tax							(7,779)	(5,792)
Profit after income tax							22,973	21,248
Minority interest							871	--
Profit attributable to shareholders							23,844	21,248
Other information								
Capital additions	1,918	5,131	3,579	1,064	1,149	14	6,646	6,209
Depreciation	3,760	4,094	508	351	248	164	4,516	4,609
Other non-cash expenses	5,616	13,729	2,583	2,969	457	89	8,656	16,787
Balance sheet								
Assets								
Segment assets	277,454	205,081	82,871	47,820	40,755	5,554	401,080	258,455
Unallocated corporate assets							191,408	175,539
Total assets							592,488	433,994
Liabilities								
Segment liabilities	154,722	91,292	113,658	57,585	53,254	2,272	321,634	151,149
Unallocated corporate liabilities							36,941	64,034
Total liabilities							358,575	215,183

(b) Business Segments

As the operations of the Group focus in distribution of electronics components, the assets and revenue of the Group as at 31st March, 2003 and 2002 and for the financial year then ended are respectively deployed in and derived from this business segment.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Business Segments

For detail review of performance by the business segments, please refer to paragraph 8.

Geographical Segments

Segment sales to other areas represents sales to areas other than Hong Kong and the PRC. The increase in this segment by 302.9% from HK\$15.3 million to HK\$61.6 million was mainly attributable to the sales in South Korea since we have established a 70%-owned joint venture in May 2002. The other 90%-owned joint venture was established in late March 2003 and therefore did not contribute to this segment. The initial start-up costs in South Korea resulted in a loss for that segment for current year.

15. A breakdown of sales

Group

		2003 HK\$'000	2002 HK\$'000	Increase/ (Decrease) %
(a)	Sales reported for first half year	616,743	500,905	23.1
(b)	Operating profit after tax before deducting minority interests reported for first half year	14,932	10,696	39.6
(c)	Sales reported for second half year	653,451	456,151	43.3
(d)	Operating profit after tax before deducting minority interests reported for second half year	8,041	10,552	-23.8

16. 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 HK\$'000	Previous Full Year HK\$'000
Ordinary	11,943	11,784
Preference	0	0
Total:	11,943	11,784

BY ORDER OF THE BOARD

Leung Chun Wah
Chairman

26/06/2003