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WILLAS-ARRAY

威雅利電子(集團)有限公司

WILLAS-ARRAY ELECTRONICS (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Hong Kong stock code: 854)

(Singapore stock code: W12)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED MARCH 31, 2014**

FINANCIAL HIGHLIGHTS

	For the year ended March 31,		Change %
	2014 HK\$'000	2013 HK\$'000	
Revenue	3,196,270	3,157,597	+ 1.2
Gross profit	327,797	305,657	+ 7.2
Profit before tax	40,239	54,443	- 26.1
Profit attributable to shareholders	29,004	45,838	- 36.7
Basic earnings per share (HK cents)	7.78	12.30	- 36.7

AUDITED FINANCIAL RESULTS

The board of directors (the "Board") of Willas-Array Electronics (Holdings) Limited (the "Company") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended March 31, 2014 together with the relevant comparative figures.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended March 31, 2014

	NOTES	2014 HK\$'000	2013 HK\$'000
Revenue	3	3,196,270	3,157,597
Cost of sales		<u>(2,868,473)</u>	<u>(2,851,940)</u>
Gross profit		327,797	305,657
Other operating income		4,216	4,635
Distribution costs		(46,115)	(30,112)
Administrative expenses		(211,524)	(217,936)
Listing expenses		(26,055)	–
Share of profit of associates		7,128	808
Other gains and losses		471	7,623
Amortisation of financial guarantee liabilities		1,523	–
Finance costs		<u>(17,202)</u>	<u>(16,232)</u>
Profit before tax	4	40,239	54,443
Income tax expense	5	<u>(14,852)</u>	<u>(13,144)</u>
Profit for the year		<u>25,387</u>	<u>41,299</u>
Other comprehensive income (expense):			
<i>Items that may be reclassified subsequently to profit/loss:</i>			
Exchange differences on translation of overseas operations		<u>3,253</u>	<u>(377)</u>
Other comprehensive income (expense) for the year, net of tax		<u>3,253</u>	<u>(377)</u>
Total comprehensive income for the year		<u><u>28,640</u></u>	<u><u>40,922</u></u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - continued*For the year ended March 31, 2014*

	<i>NOTES</i>	2014 HK\$'000	2013 <i>HK\$'000</i>
Profit (loss) attributable to:			
Owners of the Company		29,004	45,838
Non-controlling interests		(3,617)	(4,539)
		<u>25,387</u>	<u>41,299</u>
Total comprehensive income (expense) attributable to:			
Owners of the Company		32,250	45,458
Non-controlling interests		(3,610)	(4,536)
		<u>28,640</u>	<u>40,922</u>
Earnings per share	<i>10</i>		
- Basic (HK cents)		<u>7.78</u>	<u>12.30</u>
- Diluted (HK cents)		<u>7.66</u>	<u>12.11</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At March 31, 2014

	NOTES	2014 HK\$'000	2013 HK\$'000
ASSETS			
Current assets			
Cash and cash equivalents		218,977	390,395
Restricted bank deposits		7,296	7,161
Trade and bills receivables	6	602,266	503,125
Other receivables and prepayments		6,994	11,318
Prepaid lease payments - current		12	12
Income tax recoverable		1,338	62
Derivative financial instruments		–	136
Inventories		440,067	353,561
Total current assets		<u>1,276,950</u>	<u>1,265,770</u>
Non-current assets			
Prepaid lease payments - non-current		607	619
Property, plant and equipment	7	157,128	162,278
Long-term deposits		427	1,683
Available-for-sale investments		2,001	2,001
Interests in associates		59,172	49,809
Deferred tax assets		339	259
Total non-current assets		<u>219,674</u>	<u>216,649</u>
Total assets		<u><u>1,496,624</u></u>	<u><u>1,482,419</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued*At March 31, 2014*

	<i>NOTES</i>	2014 HK\$'000	2013 <i>HK\$'000</i>
LIABILITIES AND EQUITY			
Current liabilities			
Trust receipt loans		440,805	421,473
Trade and bills payables	8	339,535	295,400
Other payables	8	40,663	38,226
Income tax payable		4,833	4,548
Derivative financial instruments		268	–
Financial guarantee liabilities		660	–
Bank borrowings		112,300	168,300
Total current liabilities		939,064	927,947
Non-current liabilities			
Derivative financial instruments		–	2,389
Deferred tax liabilities		2,791	2,611
Total non-current liabilities		2,791	5,000
Capital, reserves and non-controlling interests			
Issued capital	9	74,544	74,544
Capital reserves		195,716	196,500
Other reserves		287,356	277,177
Equity attributable to owners of the Company		557,616	548,221
Non-controlling interests		(2,847)	1,251
Total equity		554,769	549,472
Total liabilities and equity		1,496,624	1,482,419

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2014

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Operating activities		
Profit before tax	40,239	54,443
Adjustments for:		
Depreciation expense	11,636	12,250
Amortisation of prepaid lease payments	12	12
Interest expense	17,202	16,232
(Reversal of) allowance for inventories	(8,452)	6,048
Allowance for (reversal of) doubtful trade receivables	6,665	(5,537)
Gain on disposal of property, plant and equipment	–	(98)
Net gain on fair value changes of derivative financial instruments	(1,985)	(1,607)
Share of profits of associates	(7,128)	(808)
Amortisation of financial guarantee liabilities	(1,523)	–
Interest income	(1,253)	(2,314)
	<hr/>	<hr/>
Operating cash flows before movements in working capital	55,413	78,621
(Increase) decrease in trade and bills receivables	(103,678)	10,357
Decrease (increase) in other receivables and prepayments	4,342	(4,463)
Increase in inventories	(77,933)	(13,429)
Increase (decrease) in trade and bills payables	43,667	(11,617)
Increase (decrease) in other payables	3,035	(10,879)
Decrease in long-term deposits	1,256	78
	<hr/>	<hr/>
Cash (used in) generated from operations	(73,898)	48,668
Income tax paid	(15,737)	(8,261)
Interest paid	(17,932)	(15,484)
Interest received	1,253	2,314
	<hr/>	<hr/>
Net cash (used in) from operating activities	(106,314)	27,237

CONSOLIDATED STATEMENT OF CASH FLOWS - continued*For the year ended March 31, 2014*

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Investing activities		
Purchase of property, plant and equipment	(3,877)	(2,330)
(Increase) decrease in restricted bank deposits	(135)	20,095
Proceeds from disposal of property, plant and equipment	–	143
Dissolution of subsidiary (Note)	(488)	–
Acquisition of investment in associates	–	(49,000)
	<hr/>	<hr/>
Net cash used in investing activities	(4,500)	(31,092)
Financing activities		
Dividend paid to shareholders	(22,855)	(29,499)
Repayment of trust receipt loans	(1,829,725)	(1,489,893)
Proceeds from trust receipt loans	1,849,057	1,605,365
Repayment of bank borrowings	(153,000)	(102,299)
Proceeds from bank borrowings	97,000	76,416
	<hr/>	<hr/>
Net cash (used in) from financing activities	(59,523)	60,090
	<hr/>	<hr/>
Net (decrease) increase in cash and cash equivalents	(170,337)	56,235
Cash and cash equivalents at beginning of year	390,395	333,258
Effects of exchange rate changes on the balance of cash held in foreign currencies	(1,081)	902
	<hr/>	<hr/>
Cash and cash equivalents at end of year	218,977	390,395
	<hr/> <hr/>	<hr/> <hr/>

Note: During the year, Aries Tech Hong Kong Limited, a non-wholly owned subsidiary of the Group, was dissolved and HK\$488,000 was paid to the non-controlling interest as refund of capital contributed.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2014

	Issued capital HK\$'000	Capital reserves HK\$'000	Statutory reserve HK\$'000 (Note)	Currency translation reserve HK\$'000	Accumulated profits HK\$'000	Attributable to owners of the Company HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
THE GROUP								
Balance at April 1, 2012	74,544	196,722	13,380	17,890	229,726	532,262	5,787	538,049
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	45,838	45,838	(4,539)	41,299
Other comprehensive loss for the year, net of income tax	-	-	-	(380)	-	(380)	3	(377)
Total	-	-	-	(380)	45,838	45,458	(4,536)	40,922
Transactions with owners, recognised directly in equity:								
Share options cancelled	-	(222)	-	-	222	-	-	-
Dividend paid	-	-	-	-	(29,499)	(29,499)	-	(29,499)
Transfer to statutory reserve	-	-	755	-	(755)	-	-	-
Total	-	(222)	755	-	(30,032)	(29,499)	-	(29,499)
Balance at March 31, 2013	74,544	196,500	14,135	17,510	245,532	548,221	1,251	549,472
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	29,004	29,004	(3,617)	25,387
Other comprehensive income for the year, net of income tax	-	-	-	3,246	-	3,246	7	3,253
Total	-	-	-	3,246	29,004	32,250	(3,610)	28,640
Transactions with owners, recognised directly in equity:								
Dissolution of subsidiary	-	-	-	-	-	-	(488)	(488)
Share options cancelled	-	(784)	-	-	784	-	-	-
Dividend paid	-	-	-	-	(22,855)	(22,855)	-	(22,855)
Transfer to statutory reserve	-	-	2,345	-	(2,345)	-	-	-
Total	-	(784)	2,345	-	(24,416)	(22,855)	(488)	(23,343)
Balance at March 31, 2014	74,544	195,716	16,480	20,756	250,120	557,616	(2,847)	554,769

Note: The statutory reserve is non-distributable and was appropriated from the profit after tax of the Company's subsidiaries in the People's Republic of China (the "PRC") and Taiwan under the laws and regulations of the PRC and Taiwan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2014

1. BASIS OF PREPARATION

Willas-Array Electronics (Holdings) Limited (the "Company") is 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 Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. Its principal place of business is at 24/F, Wyler Centre Phase 2, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong. The Company is listed on the Main Board of the Singapore Exchange Securities Trading Limited and on the Main Board of The Stock Exchange of Hong Kong Limited. The consolidated financial statements are presented in Hong Kong dollars which is also the functional currency of the Company.

The principal activity of the Company is that of investment holding and the Group is engaged in trading of electronic components.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Application of International Financial Reporting Standards

In the current financial year, the Group has adopted a number of new and revised International Accounting Standards, International Financial Reporting Standards and amendments to International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") and Interpretations thereof issued by the International Financial Reporting Interpretations Committee of the IASB (collectively refer to as the "IFRSs") that are relevant to its operations and effective for annual periods beginning on or after April 1, 2013.

3. SEGMENT INFORMATION

Information reported to the Group's chief operating decision maker ("CODM") for the purposes of resource allocation and assessment of segment performance, are principally categorised into two key operating segments, (1) trading of electronic components and (2) trading and designing integrated circuits, in which for trading of electronic components segment, it will further be disaggregated by geographical locations for CODM review.

The Group's reportable segments are as follows:

- (a) Trading of electronic components
- Southern China Region;
 - Northern China Region;
 - Taiwan
- (b) Trading and designing integrated circuits

For the year ended March 31, 2014

	Trading of electronic components				Trading and design of integrated circuits	Elimination	Total
	Southern China Region <i>HK\$'000</i>	Northern China Region <i>HK\$'000</i>	Taiwan <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue							
Sales - external	1,926,034	1,189,779	67,293	3,183,106	13,164	–	3,196,270
Sales - inter-company	380,966	238,829	16,479	636,274	30,915	(667,189)	–
Net sales	<u>2,307,000</u>	<u>1,428,608</u>	<u>83,772</u>	<u>3,819,380</u>	<u>44,079</u>	<u>(667,189)</u>	<u>3,196,270</u>
Cost of sales	<u>2,127,244</u>	<u>1,305,748</u>	<u>74,324</u>	<u>3,507,316</u>	<u>30,849</u>	<u>(669,692)</u>	<u>2,868,473</u>
Gross profit	<u>179,756</u>	<u>122,860</u>	<u>9,448</u>	<u>312,064</u>	<u>13,230</u>	<u>2,503</u>	<u>327,797</u>
Segment result	<u>38,979</u>	<u>31,878</u>	<u>1,377</u>	<u>72,234</u>	<u>(11,568)</u>	<u>2,503</u>	<u>63,169</u>
Unallocated other revenue							1,164
Amortisation of financial guarantee liabilities							1,523
Unallocated corporate expenses							(6,690)
Listing expenses							(26,055)
Share of profit of associates							7,128
Profit before tax							40,239
Income tax expense							(14,852)
Profit for the year							25,387
Non-controlling interests							3,617
Profit attributable to owners of the Company							<u>29,004</u>

3. SEGMENT INFORMATION - continued

For the year ended March 31, 2013

	Trading of electronic components				Trading and design of integrated circuits	Elimination	Total
	Southern China Region <i>HK\$'000</i>	Northern China Region <i>HK\$'000</i>	Taiwan <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue							
Sales - external	1,951,577	1,079,915	104,696	3,136,188	21,409	–	3,157,597
Sales - inter-company	421,403	205,897	27,530	654,830	32,544	(687,374)	–
Net sales	<u>2,372,980</u>	<u>1,285,812</u>	<u>132,226</u>	<u>3,791,018</u>	<u>53,953</u>	<u>(687,374)</u>	<u>3,157,597</u>
Cost of sales	<u>2,192,319</u>	<u>1,195,670</u>	<u>118,780</u>	<u>3,506,769</u>	<u>29,777</u>	<u>(684,606)</u>	<u>2,851,940</u>
Gross profit	<u>180,661</u>	<u>90,142</u>	<u>13,446</u>	<u>284,249</u>	<u>24,176</u>	<u>(2,768)</u>	<u>305,657</u>
Segment result	<u>47,455</u>	<u>17,378</u>	<u>4,914</u>	<u>69,747</u>	<u>(8,510)</u>	<u>(2,768)</u>	<u>58,469</u>
Unallocated other revenue							527
Unallocated corporate expenses							(5,361)
Share of profit of associates							<u>808</u>
Profit before tax							54,443
Income tax expense							<u>(13,144)</u>
Profit for the year							41,299
Non-controlling interests							<u>4,539</u>
Profit attributable to owners of the Company							<u>45,838</u>

Segment profit (loss) represents the profit earned by or loss from each segment without allocation of central administration cost, other revenue, listing expenses and share of profit of associates. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The CODM is of the opinion that the presentation of assets and liabilities in accordance with the reportable segments is not meaningful as the management can monitor the Group's assets and liabilities in one pool which is more efficient and effective.

4. PROFIT BEFORE TAX

Profit before tax has been arrived at or after charging (crediting):

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Directors' fees:		
Directors of the Company	1,108	1,060
Directors of the subsidiaries	21	13
Directors' remuneration: (Note i)		
Directors of the Company	11,568	12,107
Directors of the subsidiaries	1,198	1,661
Audit fees paid to auditors	2,695	2,378
Listing expenses (Note ii)	26,055	–
Non-audit fees paid to auditors		
Auditors of the Company	–	–
Other auditors	243	238
Staff costs (excluding directors' remuneration) (Note i)	137,281	129,419
Amortisation of prepaid lease payment	12	12
Cost of inventories recognised as expenses	2,868,473	2,851,940
Depreciation of property, plant and equipment	11,636	12,250
Gain on disposal of property, plant and equipment	–	(98)
(Reversal of) allowance for inventories (Note iii)	<u>(8,452)</u>	<u>6,048</u>

Notes:

- (i) During the year ended March 31, 2014 and March 31, 2013, there are cost of defined contribution plans amounting to HK\$15,631,000 and HK\$14,854,000, respectively, included in staff costs and directors' remuneration.
- (ii) During the year ended March 31, 2014, the Group incurred listing expenses amounted to HK\$26,055,000. The amount included audit fee of HK\$2,900,000 paid to other auditor of the Group.
- (iii) During the year ended March 31, 2014, there is a reversal of allowance for inventories of approximately HK\$8,452,000 recognised because of return of the relevant inventories to the vendors.

5. INCOME TAX EXPENSE

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
The income tax charge comprises:		
Current Tax		
- Hong Kong	9,819	6,714
- PRC Enterprise Income Tax	3,439	989
- Other jurisdictions	1,737	3,604
	<u>14,995</u>	<u>11,307</u>
(Over) underprovision in prior year		
- Hong Kong	(132)	(92)
- PRC Enterprise Income Tax	(48)	26
- Other jurisdictions	(63)	563
	<u>(243)</u>	<u>497</u>
Deferred tax		
- Current year	100	1,340
	<u>100</u>	<u>1,340</u>
	<u><u>14,852</u></u>	<u><u>13,144</u></u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT law, the tax rate of the PRC subsidiaries is 25%. The tax rate of the Taiwan subsidiary is 17%. Income taxes for overseas subsidiaries are calculated at the rates prevailing for the respective jurisdictions.

6. TRADE AND BILLS RECEIVABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade receivables	596,964	497,483
Less: allowance for doubtful debts	<u>(30,417)</u>	<u>(23,727)</u>
Net trade receivables	566,547	473,756
Bills receivables	<u>35,719</u>	<u>29,369</u>
	<u><u>602,266</u></u>	<u><u>503,125</u></u>

The Group allows an average credit period of 60 days to its trade customers. The following is an analysis of trade receivables (net of allowance for doubtful debts) presented based on the invoice date, which approximated the revenue recognition date.

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Less than 60 days	408,511	332,258
61 to 90 days	120,262	104,847
Over 90 days	<u>37,774</u>	<u>36,651</u>
	<u><u>566,547</u></u>	<u><u>473,756</u></u>

The aged analysis of bills receivables presented based on the issue date at the respective reporting dates:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 to 60 days	21,156	15,517
61 to 180 days	<u>14,563</u>	<u>13,852</u>
	<u><u>35,719</u></u>	<u><u>29,369</u></u>

7. PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent HK\$3,877,000 (2013: HK\$2,330,000) on acquisition of property, plant and equipment. In addition, the Group disposed of certain property, plant and equipment with a carrying amount of HK\$ nil (2013: HK\$45,000), resulting a gain of HK\$ nil (2013: HK\$98,000).

8. TRADE AND BILLS PAYABLES / OTHER PAYABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade payables	323,386	283,066
Bills payables	16,149	12,334
Accrual for staff costs	25,466	23,002
Accrued expenses	6,264	5,067
Deposits from customers	2,973	2,828
Other tax payables	2,241	3,345
Interest payables	1,802	2,531
Others	1,917	1,453
	<u>380,198</u>	<u>333,626</u>

The following is an aged analysis of trade payables presented based on the invoice date.

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Less than 30 days	276,015	237,822
31 to 60 days	47,233	44,848
61 to 90 days	–	300
Over 90 days	138	96
	<u>323,386</u>	<u>283,066</u>

As at March 31, 2014 and March 31, 2013, bills payables of the Group are aged within 60 days and 30 days, respectively.

9. SHARE CAPITAL

Issued share capital as at March 31, 2014 amounted to HK\$74,544,000. There were no movements in the issued share capital of the Company in the current and prior year.

10. EARNINGS PER SHARE

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	29,004	45,838
	2014 <i>'000</i>	2013 <i>'000</i>
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	372,720	372,720
Effect of dilutive potential ordinary shares:		
Options	6,082	5,761
Number of ordinary shares for the purpose of diluted earnings per share	378,802	378,481

11. DIVIDENDS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
2012 - Final HK6.088 cents per share	–	22,693
2012 - Special HK1.826 cents per share	–	6,806
2013 - Final HK6.132 cents per share	22,855	–
	22,855	29,499

On August 23, 2013, a dividend of HK6.132 cents per share (total dividend of HK\$22,855,000) was paid to shareholders in respect of the financial year ended March 31, 2013.

In respect of the year ended March 31, 2014, the directors propose that a dividend of HK6.822 cents per share will be paid to shareholders on August 22, 2014. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividend is payable to all shareholders on the Register of Members on August 11, 2014. The total estimated dividend to be paid is approximately HK\$25,428,000.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Revenue

In FY2014, Group revenue increased 1.2% year-on-year to HK\$3,196.3 million from HK\$3,157.6 million, stemming from a 5.2% growth in revenue in the second half of the year from increased sales efforts, partially offsetting the 2.3% fall in sales revenue in the first half of the year. The fall in revenue in the first half was due mainly to the gradual transfer of the Group's Toshiba-related business to GW Electronics Company Limited which commenced operations in January 2013.

GW Electronics Company Limited is the Group's 49.0% owned associated company, established in November 2012 in collaboration with Taiwan Stock Exchange listed G.M.I. Technology Inc. ("G.M.I."), for the purpose of distributing Toshiba's brand of electronics components in the People's Republic of China ("PRC") and Hong Kong.

Turnover by Market Segment Analysis

(in HK\$'000)

	FY2014		FY2013		Increase (Decrease)	
		%		%		%
Industrial	779,400	24.4%	735,829	23.3%	43,571	5.9%
Dealer	490,094	15.3%	462,232	14.6%	27,862	6.0%
Telecommunications	436,265	13.7%	519,841	16.5%	(83,576)	-16.1%
Home Appliance	364,857	11.4%	365,537	11.6%	(680)	-0.2%
Audio and Video	303,226	9.5%	316,654	10.0%	(13,428)	-4.2%
EMS	262,241	8.2%	242,050	7.7%	20,191	8.3%
Automotive	251,847	7.9%	219,638	7.0%	32,209	14.7%
Lighting	164,179	5.1%	149,406	4.7%	14,773	9.9%
Others	144,161	4.5%	146,410	4.6%	(2,249)	-1.5%
	<u>3,196,270</u>	<u>100.0%</u>	<u>3,157,597</u>	<u>100.0%</u>	<u>38,673</u>	<u>1.2%</u>

In FY2014, we continued to invest resources towards enhancing our engineering capability in our key business segments. The performance of all our business segments was in-line with our expectations, with the exception of the telecommunications segment, which was affected by one of our sizable Taiwan-based mobile phone makers switching purchasing channels, leading to a 16.1% fall in revenue.

Adapting strategically to the market situation, we strengthened our resources in applications that were high in demand, and this enabled the Group to capture new opportunities and sustain our market share.

Industrial

This segment continued to be our largest contributor, with a revenue of HK\$779.4 million, representing 24.4% of Group revenue. In addition to intensifying our sales efforts, which resulted in an increase in our market share and also helped us to maintain the segments growth momentum, we deployed our engineering team to develop more applications and solutions related to inverter motor control, smart home and other energy saving applications. We are confident that this segment has long term growth prospects and it is worthwhile for us to devote more resources to further develop new applications and solutions for the market.

Dealer

This segment's revenue increased 6% as compared to the previous year to reach HK\$490.1 million. The increase was due to more package deals coming through from our principal suppliers to our dealer customers, which enabled us to gain further market share.

Telecommunications

The revenue from the telecommunications segment was HK\$436.3 million, representing a decrease of 16.1% compared to the previous year. Performance was affected by the decision of one of our sizable Taiwan-based customers to switch its purchasing channel, which resulted in the termination of some telecommunications projects with us.

However we believe there are long term opportunities as smartphone and internet device technology remains a key growth driver for the segment. In addition, we believe the launch of the 4G network in China this year will further boost the demand for 4G mobile phones. We will continue our efforts to gain more market share in this segment.

Home Appliance

The revenue from this segment was HK\$364.9 million, which was almost flat as compared to the previous year. In the first half of FY2014, the segment recorded a revenue drop of 10.1% primarily due to the higher expenses as a result of the PRC government's electronic appliance subsidy program coming to an end last year.

However in the second half, the Group was able to regain market share because of more stable demand from the domestic market in China as well as higher demand from export markets. Overall, revenue from this segment dipped just 0.2% as compared to the previous year.

Audio and Video

The audio and video segment was affected by the decrease in revenue from the distribution of our audio products that were developed by our non-wholly owned subsidiary, ValenceTech Group.

In FY2014, the demand for smartphone audio docking solutions reduced, leading to a decrease in revenue from these products. We adapted to the market situation by switching our focus to the higher-end audio products, which became another source of revenue to cover the shortfall.

The combined effect of the abovementioned factors resulted in an overall 4.2% decrease in our revenue from this segment compared to the previous financial year. We will continue our focus on high-end audio and wireless audio applications to counter the overall slowdown of the global audio and video market.

EMS

This segment achieved an 8.3% increase in revenue year-on-year to HK\$262.2 million. In the first half of FY2014, the export market was still very soft and we recorded a revenue drop of 11.3%. However in the second half of FY2014, the export market become more active and orders increased, especially from the US market, where buyers were willing to order in advance. We believe that as the global economy become stable and start to pick up, the export market for China's electronics products will stand to benefit. We will work closely with our EMS customers to monitor the forecast and inventory levels, in order to take advantage of the upward trend.

Automotive

The Automotive segment accounted for 7.9% of total Group revenue in FY2014 and it was our strongest growing business segment. It recorded a two-digit growth of 14.7% in revenue to HK\$251.8 million. The potential of this segment in the China market is promising. The characteristic of this segment is long design cycle and product life cycle. We plan to commit more resources in terms of Sales and Marketing as well as Engineering in this segment in order to capture the best return.

Lighting

Revenue from this segment increased 9.9% year-on-year to HK\$164.2 million in FY2014. The market conditions faced by this segment was similar to that of our EMS segment where poor export demand in the first half was partially offset by improved conditions in the second half.

We recorded a revenue drop of 8.4% in the first half of FY2014. As the overall economy improved and became more stable, the export demand for lighting products increased and we received more orders from both commercial and retail consumers. We will continue to develop engineering solutions and source for new product suppliers to obtain higher market share for this segment.

Others

This segment covers personal computers, toys security equipment and renewable energy. The overall performance was stable with a slight revenue decline of 1.5% year-on-year to HK\$144.2 million.

Profit Margin

Owing to more stable market conditions, the Group no longer required to offer highly competitive pricing for clearance of our inventories, our margin increased from 9.68% in FY2013 to 10.26% in FY2014.

Distribution costs

Distribution costs increased by HK\$16.0 million, or 53.1%, from HK\$30.1 million for FY2013 to HK\$46.1 million for FY2014. The increase in distribution costs were mainly attributable to the reversal of sales incentive provision for sales people as a result of the decline in sales in FY2013 versus a normal accrued sales incentive for the same period in FY2014.

Administrative expenses

Administrative expenses stood at a similar level of HK\$211.5 million for FY2014 (2013: HK\$217.9 million).

Other gains

Other gains of HK\$0.5 million for FY2014 was mainly due to an exchange gain offset by an allowance for doubtful trade receivables made in FY2014 while other gains in FY2013 was mainly attributable to the reversal of allowance for doubtful trade receivables.

Finance costs

Finance costs increased by HK\$1.0 million, or 6.0%, from HK\$16.2 million for the FY2013 to HK\$17.2 million for FY2014. It was mainly due to increase of trust receipt loans when compared to previous year.

Listing expenses

Listing expenses of HK\$26.1 million for FY2014 refers to the expenses incurred for the dual primary listing exercise on The Stock Exchange of Hong Kong Limited (the "SEHK"). The Company was successfully listed on the Main Board of SEHK on December 6, 2013 under stock code 854 and in board lots of 5,000 shares.

Share of profit of associates

Share of profit of associates of HK\$7.1 million refers to the investment in an associated company named GW Electronics Company Limited in November 2012 to engage in the distribution of Toshiba brand electronic components in the PRC and Hong Kong. This associated company is 49% and 51% owned respectively by the Company and G.M.I., a company listed on the Taiwan Stock Exchange.

LIQUIDITY AND FINANCIAL RESOURCES

Financial Position

Compared to FY2013, the increase in trust receipt loans and trade and bills payables by HK\$63.5 million were due to the increase in purchasing activity in the current financial period. Trade debtors increased by HK\$99.1 million was due to increase in sales revenue towards the end of this period when compared to FY2013. The debtors turnover days increased from 1.9 months to 2.3 months.

Inventories

Inventories increased from HK\$353.6 million as at March 31, 2013 to HK\$440.1 million as at March 31, 2014. The inventory turnover days increased from 1.5 months to a more normal turnover period of 1.9 months over last year.

Cash Flow

As at March 31, 2014, the Group had a working capital of HK\$337.9 million, which included a cash balance of HK\$219.0 million, compared to a working capital of HK\$337.8 million, which included a cash balance of HK\$390.4 million at March 31, 2013. The decrease in cash by HK\$171.4 million was attributable to the net effect of cash outflow of HK\$106.3 million in operating activities, HK\$4.5 million in investing activities and HK\$59.5 million in financing activities.

Cash outflow in operating activities was mainly attributable to the increase in inventories and trade receivables towards the end of the period under review.

Cash outflow from financing activities was attributable to repayment of bank loans in FY2014.

Borrowing and Banking Facilities

As at March 31, 2014, bank loans of approximately HK\$112.3 million were all unsecured and repayable in quarterly or monthly installments ending in FY2015. As at March 31, 2014, bank loans bore interest at a weighted annual effective rate of 2.69% for fixed rate borrowing and 2.99% for variable rate borrowings. As at March 31, 2014, the Group had variable rate borrowings, with interest rates repriced at 1.4% to 2.75% per annum over the respective bank's cost of fund or Hong Kong Interbank Offer Rate (HIBOR).

As at March 31, 2014, trust receipt loans were unsecured, repayable within one year and bore effective interest rate of 1.86% to 2.77% per annum. As at March 31, 2014, the Group had unutilized banking facilities of approximately HK\$725.5 million.

Foreign Exchange Risk Management

The Group incurs foreign currency risk mainly on sales and purchases that are denominated in currencies other than our functional currencies. The Group is mainly exposed to the fluctuations in the United States dollar and Japanese yen against the Hong Kong dollar. However, as the Hong Kong dollar is pegged to the United States dollar, the exposure of entities that use Hong Kong dollars as their respective functional currency to the fluctuations in the United States dollar is minimal. The major foreign currency giving rise to our foreign exchange risk is Japanese yen. The Group has a foreign currency hedging policy to monitor and maintain its foreign exchange exposure at an acceptable level.

Gearing Ratio

The gearing ratios as at March 31, 2014 and March 31, 2013 were approximately 102.1% and 109.8% respectively. Gearing ratio is derived by dividing total debt (represents interest-bearing bank loans, trust receipt loans and bills payables) by shareholders' equity at the end of a given period. The decrease was mainly due to a decrease in bank borrowings from HK\$168.3 million to HK\$112.3 million.

Contingent Liabilities

As at March 31, 2014, the Company had given corporate guarantees (unsecured) of approximately HK\$156.4 million to its banks in respect of banking facilities granted to its associates, of which approximately HK\$112.3 million was utilized.

As at March 31, 2014, the Company had given corporate guarantees (unsecured) to its banks in respect of banking facilities granted to its subsidiaries. The aggregate banking facilities granted to the subsidiaries were approximately HK\$1,294.8 million, of which approximately HK\$571.1 million was utilized and guaranteed by the Company.

As at March 31, 2014, the Company had also given guarantees to certain suppliers in relation to the subsidiaries' settlement of the respective payables. The aggregate amounts payable to these suppliers under guarantee were approximately HK\$216.5 million.

STRATEGY AND PROSPECTS

Looking ahead, the Group expects the overall global economy will recover steadily as the US economy showed gradual improvement and signs of stability emerged across major economies in the Eurozone area. However the Group remains cautious as the market is still marked by intense competition, together with volatility in raw material prices, foreign currency fluctuations, rising staff cost and inflation in China, all these would have an adverse impact on the economic recovery.

The Group will continue to be prudent in managing its operations while maintaining a healthy liquidity position.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK6.822 cents (2013: HK6.132 cents) per ordinary share for the year ended March 31, 2014 to those shareholders whose names appear on the register of members of the Company at 4:30 p.m. on August 11, 2014. The final dividend is expected to be payable on August 22, 2014 following approval at the 2014 Annual General Meeting (the "AGM").

In order to qualify for the final dividend, Hong Kong shareholders must lodge all transfer documents accompanied by the relevant share certificates for registration with the Company's Hong Kong branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited, at 31/F, 148 Electric Road, North Point, Hong Kong not later than 4:30 p.m. on Monday, August 11, 2014. Any removal of the shares between the branch registers of members in Singapore and Hong Kong has to be made by shareholders no later than 5:00 p.m. on Monday, August 4, 2014. Shareholders who hold their shares on the Hong Kong branch register of members will receive their final dividend payment in Hong Kong dollars; while shareholders who hold their shares on the Singapore register of members will receive their final dividend payment in Singapore dollars.

ANNUAL GENERAL MEETING

The 2014 AGM of the shareholders of the Company will be held on Thursday, July 31, 2014 and the Notice of Annual General Meeting will be published and despatched to the shareholders in due course.

EMPLOYEES AND REMUNERATION POLICIES

As at March 31, 2014, the Group had a workforce of 517 full-time employees, of which approximately 38.9% worked in Hong Kong, 56.7% in the People's Republic of China (the "PRC") and the remaining in Taiwan.

The Group actively pursues a strategy of recruiting, developing and retaining talented employees by (i) providing them with regular training programs to ensure that they are kept abreast of the latest information pertaining to products distributed by the Group, technological developments and market conditions of the electronics industry; (ii) aligning employees' compensation and incentives with their performance; and (iii) providing them with a clear career path with opportunities for taking on additional responsibilities and securing promotions.

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 Company reviews and determines the remuneration and compensation packages of the directors of the Company (the "Directors") and senior management with reference to the salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The shares of the Company were listed on the Main Board of the SEHK on December 6, 2013 (the "Listing Date") and the Company did not redeem any of its shares listed on the Main Board of the SEHK nor did the Company or any of its subsidiaries purchase or sell any of such shares during the period from the Listing Date to March 31, 2014, being the year end date.

COMPLIANCE WITH HONG KONG CORPORATE GOVERNANCE CODE

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 shareholders. The Board considers that during the period from the Listing Date and up to the date of this announcement, the Company has generally complied with the code provisions of the Corporate Governance Code (the "HK CG Code") as contained in Appendix 14 to the Rules Governing the Listing of Securities on the SEHK (the "HK Listing Rules") except for Code provision A.4.1 of the HK CG Code which stipulates that Non-Executive Directors should be appointed for a specific term, subject to re-election.

None of the existing Independent Non-executive Directors of the Company (the "INEDs") is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the HK CG Code. However, all the directors are subject to retirement by rotation at each annual general meeting of the Company under the Bye-laws of the Company. As such, the Board considers that sufficient measures are in place to ensure that the Company's corporate governance practices relating to the terms of the INEDs are no less exacting than those contained in the HK CG code.

COMPLIANCE WITH HONG KONG MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "HK Model Code") as set out in Appendix 10 to the HK Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Following a specific enquiry made by the Company, all Directors have confirmed that they had complied with required standard set out in the HK Model Code since the Listing Date.

REVIEW BY AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the HK CG Code and the Listing Manual of Singapore Exchange Securities Trading Limited. The Audit Committee comprises all the three INEDs, namely Jovenal R. Santiago (*committee chairman*), Wong Kwan Seng, Robert and Iu Po Chan, Eugene. The Group's audited annual results for the year ended March 31, 2014 have been reviewed by the Audit Committee.

PUBLICATION OF INFORMATION ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED, THE COMPANY AND THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

The results announcement is published on the website of Hong Kong Exchanges and Clearing Limited (the "HKEx") at www.hkex.com.hk, the website of the Company at www.willas-array.com and the website of The Singapore Exchange Securities Trading Limited at www.sgx.com. The annual report of the Company for the year ended March 31, 2014 will be dispatched to the shareholders and published on the respective websites of HKEx and the Company in due course.

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

Hong Kong, May 30, 2014

As at the date of this announcement, the Board comprises four Executive Directors, namely Leung Chun Wah (Chairman), Kwok Chan Cheung (Deputy Chairman and Managing Director), Hung Yuk Choy (Deputy Managing Director) and Hon Kar Chun; and three Independent Non-executive Directors, namely Jovenal R. Santiago, Wong Kwan Seng, Robert and Iu Po Chan, Eugene.