WILLAS-ARRAY

WILLAS-ARRAY ELECTRONICS (HOLDINGS) LIMITED

Corporate Profile

ABOUT WILLAS-ARRAY ELECTRONICS (HOLDINGS) LIMITED

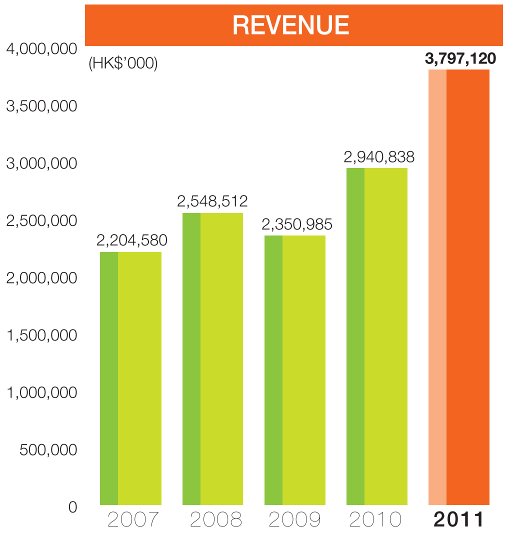
Established in the early 1980s and listed on the Main Board of the Singapore Exchange in 2001, Hong Kong-based Willas-Array is principally engaged in the distribution of active and passive components for use in the audio and video, telecommunications, industrial, consumer, and computer segments. Backed by long-standing relationships with over 20 reputable Principals, Willas-Array carries a wide product mix, distributing and marketing in excess of 10,000 product items which cater to over 2,000 active customers. Its main markets are in Mainland China and Hong Kong.

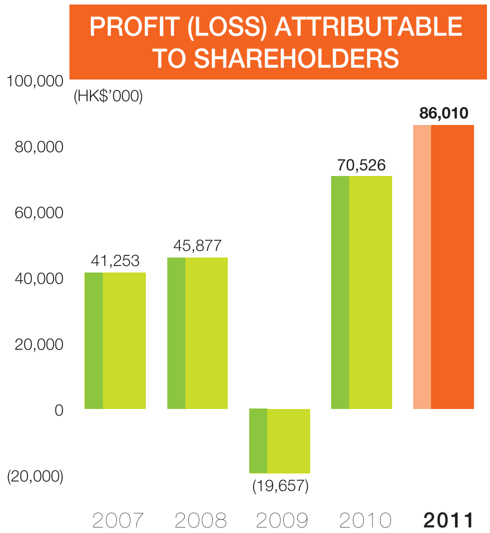
In China, Willas-Array has established a network of offices strategically located in Beijing, Chengdu, Guangzhou, Qingdao, Shanghai, Shenzhen, Tianjin, Xiamen, and Zhongshan. It has a subsidiary in the Free Trade Zone in Shanghai which serves as a logistics centre for the Group in North China.

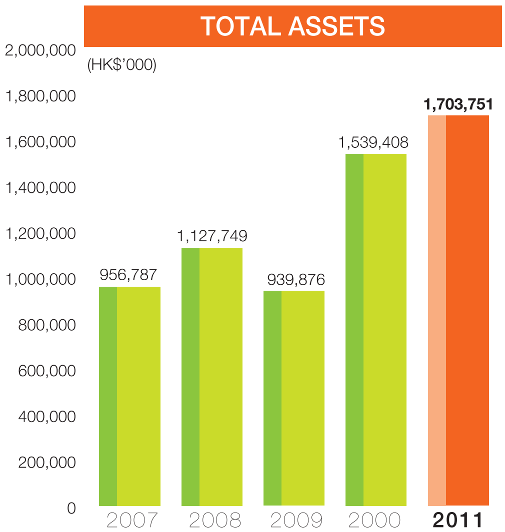
Willas-Array also has a wholly-owned subsidiary in Taipei to tap on the growing number of large electronic manufacturers in Taiwan doing business in China.

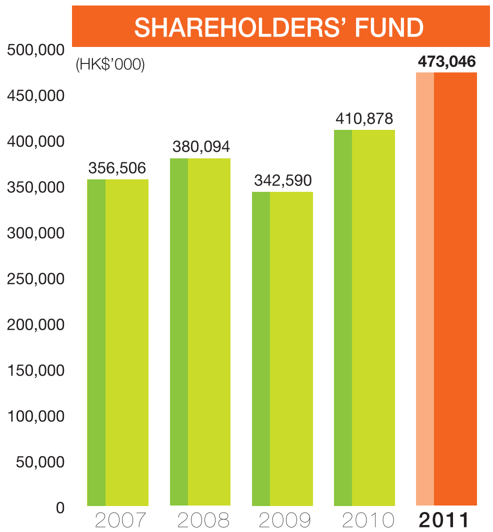
Contents

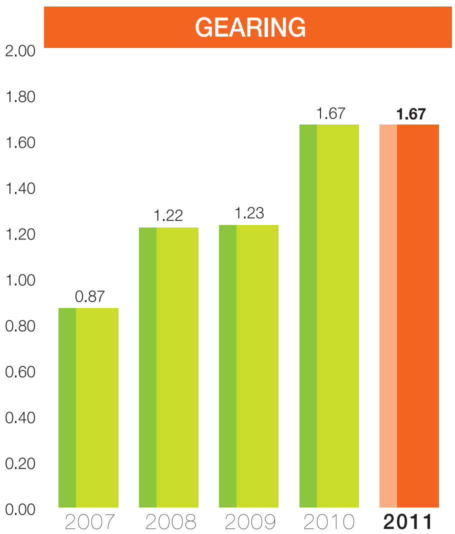
FINANCIAL HIGHLIGHTS

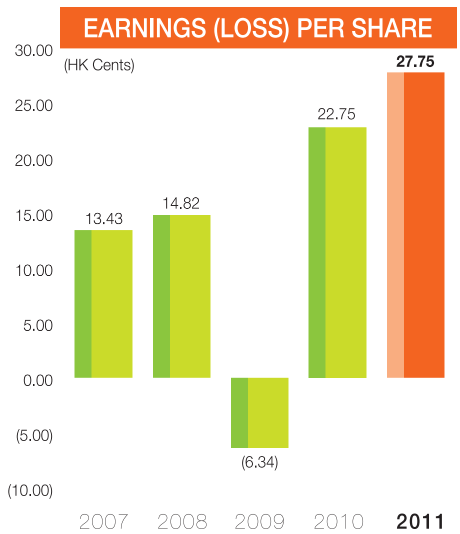




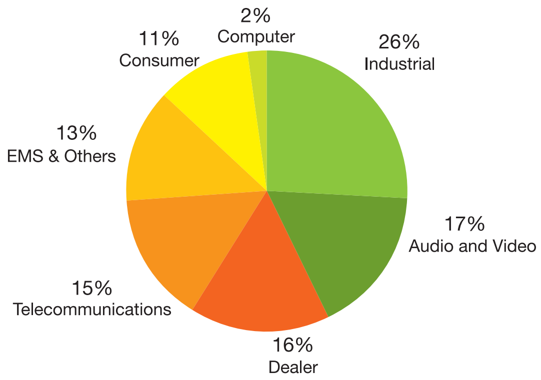




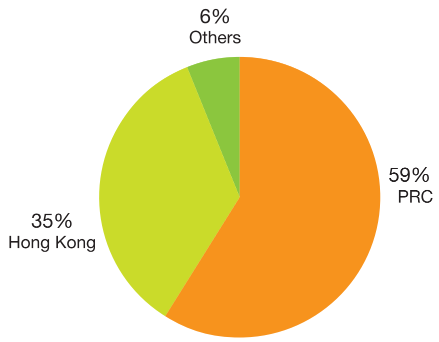




TURNOVER BY SEGMENTS
FOR THE YEAR ENDED MARCH 31, 2011



TURNOVER BY GEOGRAPHICAL REGIONS
FOR THE YEAR ENDED MARCH 31, 2011



FINANCIAL SUMMARY

OPERATING RESULTS FOR THE GROUP

	Financial year ended March 31,				
	2007	2008	2009	2010	**2011**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	2,204,580	2,548,512	2,350,985	2,940,838	**3,797,120**
Cost of sales	(1,953,110)	(2,250,403)	(2,108,487)	(2,626,616)	**(3,411,444)**
Gross profit	251,470	298,109	242,498	314,222	**385,676**
Other operating income	16,663	8,150	4,750	15,274	**7,567**
Distribution costs	(34,242)	(36,025)	(33,591)	(31,683)	**(50,862)**
Administrative expenses	(166,147)	(193,106)	(220,828)	(204,126)	**(218,784)**
Share of loss of jointly contolled entities	—	(35)	(972)	(198)	**(22)**
Finance costs	(17,610)	(20,224)	(18,145)	(9,968)	**(13,531)**
Profit (loss) before tax	50,134	56,869	(26,288)	83,521	**110,044**
Income tax expense	(10,230)	(10,159)	(649)	(12,045)	**(22,209)**
Profit (loss) for the year	39,904	46,710	(26,937)	71,476	**87,835**
Non-controlling interests	1,349	(833)	7,280	(950)	**(1,825)**
Profit (loss) attributable to shareholders	41,253	45,877	(19,657)	70,526	**86,010**
Earnings (loss) per share (HK cents) (Note 2)	13.43	14.82	(6.34)	22.75	**27.75**

FINANCIAL POSITION OF THE GROUP

	As at March 31,				
	2007	2008	2009	2010	**2011**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
	(Restated)	(Restated)	(Restated)	(Restated)	
Current assets	883,871	1,052,953	835,520	1,438,981	**1,522,109**
Property, plant and equipment	44,935	39,662	89,332	82,681	**166,380**
Available-for-sale investments	5,090	1,190	2,001	2,001	**2,001**
Interest in jointly controlled entities	—	9,965	9,015	8,795	**8,773**
Goodwill	6,693	6,693	—	—	**—**
Other intangible assets	13,644	11,119	—	—	**—**
Other non-current assets	2,554	6,167	4,008	6,950	**4,488**
Total assets	956,787	1,127,749	939,876	1,539,408	**1,703,751**
Current liabilities	572,091	727,238	590,324	1,119,328	**1,162,062**
Non-current liabilities	15,989	7,411	1,236	2,526	**60,142**
Non-controlling interests	12,201	13,006	5,726	6,676	**8,501**
Shareholders' equity	356,506	380,094	342,590	410,878	**473,046**
Total liabilities and equities	956,787	1,127,749	939,876	1,539,408	**1,703,751**
Net tangible assets per share (HK cents) (Note 3)	115.47	122.69	110.51	132.54	**152.60**

Notes:

(1) The financial summary for the five financial years ended March 31, 2007 to 2011 presented above is extracted from the annual reports of the Company from 2007 to 2011.

(2) The basic earnings (loss) per share for the year ended March 31, 2007 to 2011 are calculated based on profit (loss) attributable to shareholders of the Group and weighted average number of 307,234,027, 309,499,590, 309,948,493, 310,000,000 and 310,000,000 ordinary shares of the Company in issue during the financial years of 2007 to 2011 respectively.

(3) The net tangible assets per share for the year ended March 31, 2007 to 2011 are calculated based on share capital of the Company at the end of financial year of 308,750,000, 309,800,000, 310,000,000, 310,000,000 and 310,000,000 shares respectively.

CHAIRMAN'S STATEMENT

Our new Shanghai office, which we moved in in January 2011, is located at Level 33, International Corporate City, 3000 North Zhongshan Road, Putuo District, Shanghai, PRC

Leung Chun Wah
Chairman

Dear Shareholders,

I am heartened to report that Willas-Array has delivered a fine set of results for the year ended March 31, 2011 ("FY2011") - one that exceeded the Management's expectations.

The Management had anticipated that our FY2011 performance would be affected by the uncertain global economic indicators, including the speed of the US economic recovery, Eurozone debt crisis, heightened competition in the components market as the ramped-up worldwide production come on stream, as well as the sustainability of the domestic consumer spending in China.

By keeping up with our financial discipline, continually strengthening our relationships with principals and customers, and more importantly, staying focused in building our business, we managed to tackle the challenges and delivered a 22.0% growth in net profit to HK$86.0 million in FY2011, on the back of a 29.1% jump in revenue to HK$3.8 billion. Earnings per share rose 22.0% to 27.75 HK cents.

To reward loyal shareholders, the Board of Directors has recommended a first and final dividend of 1.65 Singapore cents per share, representing a payout ratio of 45% - a level which is similar to the preceding year's payout. If approved at the Annual General Meeting to be held on July 28, 2011, the dividend will be paid to shareholders on August 19, 2011.

CHINA-FOCUSED STRATEGY

Our continued focus to deepen the depth and breadth of our China market has resulted in a 33% increase in sales in the world's biggest manufacturing hub. We attribute this achievement to our experience and in-depth domain knowledge, which have enabled us to interpret, to an extent, the market indicators in China and take prompt actions to respond to the competitive operating landscape.

To capitalise on the economic growth and increased consumer spending in China, we expanded our sales network further and stepped up on our marketing efforts to cover even the more remote areas in China. This has allowed us to reach out to the smaller electronics manufacturers in this area.

Although some market observers have cast doubts about the sustainability of the Chinese government's economic package to stimulate consumer spending, we believe that China still presents immense opportunities for us. Its low production costs, amongst other attractive factors, have made China a popular production base for manufacturers worldwide. Locally, we have also witnessed China manufacturers building up their own brands and even exporting their products overseas. All these spell opportunities for components distributors like Willas-Array.

STRENGTHENED BALANCE SHEET

While the Group has always maintained healthy cash flows and a strong balance sheet to support our operating activities, we believe it is important to be two steps ahead and further strengthen our working capital. This will place us in a stronger position to take on future business opportunities in a swift manner.

We completed a Rights Issue exercise in April 2011 to raise about S$7 million. The cost of this fund-raising was kept to a minimal as we did not hire a corporate finance firm for the execution, incurring only the cost of legal advice.

Part of the proceeds would be used to fund our expansion plans in China, including the widening of our sales and marketing infrastructure and optimizing our inventory level to support our customers' requirements.

The Rights Issue was more than two times oversubscribed and we view this overwhelming support as a vote of confidence in the management of the Group.

Some shareholders have questioned the rationale behind the rights issue. It should be noted that the proceeds from the rights issue are independent of the dividend payout. The former strengthens our working capital, allowing us to pursue our expansion plans while maintaining a healthy gearing ratio. The latter was declared because of the profits that the Group has made in FY2011 - a trend which we have set since our listing.

IMPACT OF THE JAPAN CRISIS

The global electronics supply chain has been disrupted by the recent earthquake and nuclear crisis in Japan - a dominant supplier of electronic components to manufacturers worldwide. This has in turn caused a temporary inventory shortage globally, especially for certain components. The full recovery of the industry will depend on how fast the Japanese government can rebuild the affected areas caused by the tsunami and earthquake, and their ability to keep the radiation in check.

Fortunately for Willas-Array, most of our Japanese principals also have production plants in other parts of Japan. This has allowed them to continue with production and partially offset the impact of plant shutdowns in Eastern Japan. We are also happy to note that a good majority of our principals with factories in the affected areas have now resumed full production.

While the direct business impact to the Group was minor, we will continue to monitor the situation closely. Our business can be affected by the shortage of certain components, such as Microcontroller Unit ("MCU"), which may in turn hamper the production of cars and home appliances, indirectly impacting our product demand.

CREATING OPPORTUNITIES

As a Group, we believe that where there are challenges, there are opportunities. The crisis in Japan has put our mettle to the test. We have stepped up our efforts to look for replacement components and widen our supply sources. We believe this will further enhance our resilience as we reduce our reliance on any single supply point.

Our new Shanghai office

CHAIRMAN'S STATEMENT

From a macro perspective, we foresee that Japanese components manufacturers will add new production locations outside of Japan to diversify risks and ensure business continuity. The more common locations will be Taiwan and China which benefit Willas-Array as we have presence in these bases. The nuclear crisis in Japan will also accelerate the development of other energy sources, including solar and wind.

The test is for us to uncover such potential product segments. We have set up various task force to explore opportunities in each potential segment. Our Application and Development team will also work harder to develop higher value-added total solutions that can address the new market needs and help our customers to shorten their product development time.

In China, we believe that the Group will continue to be a proxy to the growing economy. The latest National 12th Five-Year Plan (2011 - 2015) has set an annual GDP growth target of 7%, underpinned by stronger domestic consumption, the growth of renewable energy and the integration of Internet, broadcast, and telecommunications network, among other drivers.

To ride on these growth opportunities, we will continue to expand our sales coverage in China, by setting up new sales offices in the northeast and western districts.

Our new Shanghai office

WORDS OF APPRECIATION

On behalf of the Board of Directors, I would like to thank our staff for delivering another remarkable year, amidst a challenging environment. More importantly, I would like to thank you, our valued shareholders, for believing in our business direction and growth strategy. We look forward to your continued support.

Leung Chun Wah
Chairman

June 17, 2011

OPERATIONS REVIEW

Our new Shanghai office

Kwok Chan Cheung
Deputy Chairman and Managing Director

THE YEAR IN REVIEW

FY2011 was a good year for companies which have a strong focus on the China market. Our latest full year performance exceeded our expectations with a 22.0% jump in net profit to HK$86.0 million, on the back of a 29.1% increase in revenue to HK$3.8 billion.

Aided by the Chinese government's economic package, the momentum for market demand for electronic components in the second half of FY2010 continued in FY2011. The magnitude of this demand was unexpected, and many component manufacturers were unsure if this buoyancy can be sustained. To play safe, many manufacturers appeared to be conservative in their capacity planning, resulting in a bottleneck in the form of supply shortages for many components in the beginning of FY2011.

The market self-moderated the situation subsequently. Many manufacturers increased selling prices to capture better profit margins while customers responded by restraining their orders in anticipation of an improved supply situation in the second half of FY2011. The tight supply situation started easing in the second half of the year as component manufacturers gradually increased their manufacturing capacities.

Accordingly, we received fewer orders from customers from July to the end of calendar year 2010, and only witnessed increasing orders after the Chinese New Year.

OPERATIONS REVIEW

REVIEW BY GEOGRAPHICAL SEGMENTS

The China market continues to be the core revenue contributor that accounted for 58.6% of our total sales in FY2011. Thanks to China's economic stimulus program and our unrelenting focus in expanding our sales network across China, sales from this market jumped 33.4% to HK$2.23 billion, from HK$1.67 billion a year ago.

Our efforts to penetrate the Taiwan market are beginning to show. We achieved a strong revenue growth of 47.0% from HK$166.0 million to HK$244.0 million. This market accounted for 6.4% of total sales in FY2011.

Hong Kong, which contributed 35.0% of total sales, recorded 20.0% improvement in sales from HK$1.1 billion to HK$1.3 billion.

PERFORMANCE REVIEW BY BUSINESS SEGMENTS

Industrial (25.9% of Total Revenue)

The Industrial segment continued to be the largest revenue contributor, accounting for 25.9% of the Group's total sales. It recorded a strong year-on-year growth of 57.3% to HK$982.2 million in sales. This was largely due to our efforts in expanding our product portfolio and market coverage by developing different applications, e.g. welder, metering, in addition to existing products used for lighting and power supply.

Audio and Video (16.4% of Total Revenue)

The Audio and Video segment, which deals with car audio products, grew 17.4% to HK$621.5 million, contributing 16.4% of total sales.

The increase was mainly due to the growth in China's automobile market, which was spurred by both domestic demand and exports. Also contributing to our growth in this sector was the sales of audio accessories and docking for the world's best selling Apple related products.

Dealer (16.3% of Total Revenue)

Despite the supply shortage, our Dealer segment grew 19.3% to HK$619.7 million, representing 16.3% of total revenue. The growth was mainly due to our partnership programme with dealers to sell power devices to the second and third tier customers in China.

Telecommunications (14.8% of Total Revenue)

Our sales team had spent considerable efforts in the past few years to reach out to mobile phone manufacturers in Taiwan. We are happy to have secured some orders from them this year. We have also witnessed increased sales for components used in professional walkie talkies. As a result, the Telecommunications segment grew 13.6% to HK$563.4 million and took the fourth position with sales accounting for 14.8% of total revenue.

EMS and Others (13.4% of Total Revenue)

EMS and Others segment grew 34.6% and contributed HK$509.5 million or 13.4% of total sales. We would have recorded higher growth in this segment if not for the loss of some business when one of our major EMS customers was forced to deal with the end customer directly. In order to regain the growth momentum, we are allocating more salesmen and engineers to work closely with principals and customers to develop new projects.

Our new Shanghai office

Consumer (10.9% of Total Revenue)

China's economic stimulus package continues to have a positive bearing on consumer spending during the financial year. Driven by healthy growth in sales of home appliances, coupled with our progress in the marketing of components in remote control toys field over the last two years, revenue from the Consumer segment achieved the second highest growth and leaped 43.5% to HK$414.8 million or 10.9% of total revenue.

Computer (2.3% of Total Revenue)

The Computer segment registered a 17.6% decline in sales to HK$86.0 million in FY2011. This was mainly due to the decline in the manufacturing of mother boards in China.

LOOKING AHEAD

The 8.4 magnitude earthquake and the ensuing tsunami in Japan on March 11, 2011 was definitely a sad disaster for all to remember. We are sorry that the disaster had taken many lives, destroyed homes, and left a huge dent on the Japanese economy but we are hopeful that the country will be able to recover steadily.

The disaster has caused a major disruption to the supply chain of Japanese components. Although the direct business impact to us is minimal as a good majority of our Japanese principals have resumed normal production recently, it is important for us to continue to monitor the situation closely. This is because the overall supply shortage inadvertently will have a bearing on our business.

Despite our good performance year in FY2011, we need to remain vigilant, anticipate and respond quickly to market changes caused by the following:

Economic Stability

Over the past two years, the China market was the major driving force behind the growth and development of many sectors worldwide. While the economic package has stimulated domestic demand and boosted the Chinese economy, it has also contributed to the mounting inflationary pressures. To prevent domestic inflation from spiraling out of control, the PRC government has taken several steps, including raising interest rates and tightening lending requirements, to rein in money supply. These measures will in turn slow down the local demand for consumer products.

Additionally, the PRC government has implemented measures to curb the increasing supply of new vehicles in major cities, and thus impacting the growth of automobile and its supporting sectors.

The export market has been aided by the second round of the US Quantitative Easing programme ("QE2"). However, with QE2 coming to a close by the end of June 2011, it remains to be seen if the US economy can stand on its own. In Europe, the slow speed of economic recovery is another concern.

Supply Situation

Japan's fallout will undoubtedly affect the supply chain of certain components and raw materials. However, we believe that this will not cause major disruptions to our suppliers given their swift counter measures.

Our concern is the tight supply of components for some power devices (e.g. Power MOSFET, IGBT, Power Module, etc.). Growing environmental concern has resulted in higher demand for energy-saving products and green power. The new applications have created many opportunities for power devices. Currently, manufacturers are unable to cope with the growing demand despite having increased their capacities. We have to monitor market dynamics carefully and work closely with suppliers on order planning.

Despite the above concerns and the ongoing uncertainties around the world, we remain cautiously optimistic about the road ahead, given our strong business fundamentals. We will continue to drive our business with the strategies below:

1. We will continue our focus in the China market as we believe there is still much potential in China, and there are many business opportunities to uncover.

2. In order to expand our coverage in China, we will set up new offices in different strategic locations.

3. In the past two years, we have successfully developed our business in remote controlled toys and welder field. We will continue to invest more resources in developing new applications.

4. We have re-organized our marketing team and strengthened our sourcing activities. We will work towards expanding our product portfolio by securing new principals in the coming years to support our growth.

5. Despite the products shortage and tight supply last year, we were able to garner good support from our principals. To further enhance our relationship with them as well as develop more business opportunities, we will allocate more human resources including engineers to work closely with our principals.

Kwok Chan Cheung
Deputy Chairman and Managing Director

June 17, 2011

BOARD OF DIRECTORS

BOARD OF DIRECTORS

Back row, from left to right: **Mr. Jovenal R. Santiago; Mr. Wong Kwan Seng Robert; Mr. Tse Pui Kee Albert; Mr. Phaisalakani, Vichai @Hung, Andy**
Front row, from left to right: **Mr. Kwok Chan Cheung; Mr. Leung Chun Wah; Mr. Hung Yuk Choy**

EXECUTIVE DIRECTORS

Leung Chun Wah is the Chairman of our Group. His responsibilities include setting our Group's overall strategies and direction. Prior to establishing Willas Company in 1981, he worked as a general manager in Multitron Electronics Company from 1975 to 1981. He has more than 40 years experience in the electronics industry, amassing his experience in a variety of electronic firms like Ecca Industrial Co Ltd and Stuart Limited, which are both electronics component manufacturers. He started work as an inspection supervisor/process controller from 1967 to 1970 for Stuart Limited and later as a research coordinator for Mobius Inc. from 1970 to 1972. He was a sales manager in Ecca Industrial Co from 1972 to 1974 and a general manager of Rio-Pack Hong Kong Limited from 1974 to 1975.

BOARD OF DIRECTORS

Kwok Chan Cheung is the Deputy Chairman and Managing Director of our Group. His responsibilities include overseeing our Group's sales and marketing activities and setting our Group's sales and marketing strategy. Prior to establishing Array Electronics in 1982, he worked for 14 years with Micro Electronics Ltd. From an engineering trainee in 1968, he rose to the rank of vice president in 1981. He holds a certificate in Radio-Television Engineering from the South East Radio College which he obtained in 1969.

Hung Yuk Choy is the Deputy Managing Director of our Group. He is responsible for the information technology department and the logistics department of our Group. Prior to joining Willas Company in 1981, he worked in various electronics and manufacturing firms. He has over 40 years of experience in the electronics field. He started work as a warehouse supervisor from 1968 to 1970 in Electronic Industry Limited, a buyer in Amcol Electronics Limited for the next three years and an assistant sales manager for Multitron Electronics Company from 1977 to 1981. In between he worked as a sales representative in 1972 and a sales manager in 1976 with Chi Lik Metal Manufacturing.

Phaisalakani, Vichai @ Hung, Andy is the Executive Director and Chief Financial Officer of our Group. He graduated from Minnesota State University, USA and is a chartered accountant in Canada. He worked for an international accounting firm for 11 years and has extensive experience in finance and corporate management with Gold Peak Industries (Holdings) Ltd before he joined Thai-Hong Kong Real Estate Ltd between 1991-1994, heading its finance and MIS departments. Mr. Hung moved on to become the CFO, in charge of finance and MIS, of LKK Group Ltd until 1999. For the next 2 years, he acted as a financial consultant for several private and listed companies. Prior to joining Willas-Array Group in July 2001, he was the CFO of Man Sang International Ltd.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Jovenal R. Santiago was appointed as an Independent Director of our Company on June 14, 2001. Mr. Santiago, a Certified Public Accountant, has more than 40 years of experience in the accounting and auditing profession in Singapore and the Philippines before his retirement in 1998. From 1971 to 1998, he was an audit principal of an international accounting firm in Singapore where he was in charge of audit engagements of a wide portfolio of clients including several public listed companies. He holds a Bachelor of Science degree in Commerce from the University of Santo Tomas, Philippines and a Master of Business Administration degree from New York University, USA. Mr. Santiago is also an independent director of another company listed in Singapore.

Wong Kwan Seng Robert was appointed as an Independent Director of our Company on June 14, 2001. He is a lawyer by profession. He graduated from the National University of Singapore in 1983 and was called to the Singapore bar in 1984. He has been practicing law ever since with various law firms. Mr. Wong practises mainly corporate law with particular emphasis in corporate finance. He has acted as solicitor in numerous initial public offers, rights issues, issues of debentures, takeovers, mergers and acquisitions and joint ventures. He is also an independent director of 3 other public companies listed on the SGX-ST.

Tse Pui Kee Albert was appointed as an Independent Director of our Company on April 1, 2002. Mr. Tse graduated from the University of Hong Kong in 1966 and holds a B.A. (Hons) degree in Economics. He is a retired banker with extensive experience in banking operations and business financing activities. He began his banking career in 1967 when he joined Citibank, Hong Kong as an Executive Trainee and for the 30 years that followed he held various senior positions with several large international banks and regional financial institutions in Hong Kong, Macau, and Australia. Mr. Tse retired from the banking field in 1998 and for the three years prior to his joining our Company he was engaged in providing advisory services to a portfolio of corporate clients, including publicly listed companies.

KEY EXECUTIVES

Mr Chan Sik Kong, Ringo
General Manager

Mr. Chan is the General Manager of Willas-Array Electronics (Hong Kong) Limited and is responsible for the business operations in Hong Kong and Southern China. Prior to rejoining our Group in 1997, Mr. Chan had gained seven years of experiences in the components industry, of which two were with Willas Company Limited. Upon his return to our Group Mr. Chan worked as Marketing Manager of Willas Company Limited and was seconded to Shanghai office acting as General Manager between May 2002 and December 2003, responsible for overseeing the overall operations in Northern China. He holds a certificate in Electrical Engineering from The Morrison Hill Technical Institute which he obtained in 1986.

Mr Choi Pik Sing, Derek
General Manager

Mr. Choi is the General Manager for Northern China and is responsible for all business operations in the territory. Prior to joining Willas-Array Group, he worked as a sales engineer in Instrument Agency HK Ltd from 1991 to 1992. He joined Array Electronics in 1992 as a product engineer and subsequently became a Marketing Manager in 1999. He was transferred to Northern China in October 2003 and became the Assistant General Manager for the territory in September 2004. He holds a Bachelor of Science degree in Electrical Engineering from the University of Ottawa, Canada which he obtained in 1991.

Mr Chu Ki Pun, Joseph
Sales Director

Mr. Chu is the Sales Director of Willas-Array Group, focusing on building and managing the Group's sales operations in Greater China. Mr. Chu was the Marketing Director of the Group from March 2006 to March 2010. Prior to these positions, Mr. Chu was the General Manager overseeing both sales and product marketing activities of Willas Company Limited. He has over 25 years in the electronics industry. He was a technician and an engineer in Qualimax Electronics Ltd from 1982 to 1985 and Philips (HK) Ltd from 1987 to 1988. He holds a higher certificate in Electronic Engineering from The Hong Kong Polytechnic University which he obtained in 1985.

Mr Ho Hung Kai, James
Human Resources Manager

Mr. Ho is the Human Resources Manager of our Group. Mr. Ho had more than 25 years of experience in Administrative and Information Technology fields, of which four were with Willas Company Limited. He began his career as a programmer with Jardine Matheson Limited. In 1987, he joined Willas as Administration Manager. Prior to Willas-Array, Mr. Ho was the Vice-President of U-Drive Company Limited. Mr. Ho holds a Bachelor of Science in Computer Science from the University of Toronto, Canada, which he obtained in 1984.

Mr Hon Kar Chun, Alvin
Marketing Director

Mr. Hon is the Marketing Director of Willas-Array Group, focusing on building and managing the Group's marketing operations in Greater China. Mr. Hon was the Sales Director of the Group from March 2006 to March 2010. Prior to these positions, Mr. Hon was the General Manager of Central Product Marketing overseeing most of the semiconductor product lines of Array Electronics Limited. He started work with Willas-Array Group in 1986 as a Marketing Executive in Array Electronics and was the General Manager of Willas-Array Singapore between 2000-2001. He holds a Bachelor of Science degree in Physics from The University of Hong Kong which he obtained in 1986. He also completed his Masters of Business Administration from The Hong Kong University of Science and Technology in 2000.

Mr Kwan Wing Kin, Samuel
Assistant General Manager

Mr. Kwan is the Assistant General Manager of the Central Product Marketing responsible for product lines of consumer products. He joined Array Electronics in 1993 as a product engineer. He was subsequently promoted to Product Manager in 2002 and Senior Product Manager in 2006. He obtained a Bachelor of Electronics Engineering from the City College of New York, USA in 1992.

Mr Lam Chi Cheung, Ken
General Manager

Mr. Lam is the General Manager of Guangzhou, Xiamen and Zhongshan offices and is responsible for all business operations in these areas. He has over 20 years of experience in the electronic components industry with responsibilities ranging from sales to product marketing and technical marketing. He gained his experiences in China as early as 1995 by stationing in our Shanghai office for four years. Prior to rejoining Willas-Array Group in April 2003, he further broadened his experiences in China market through developing sales and marketing in various cities, including Beijing, Shanghai, Guangzhou, and Zhuhai. He obtained a higher certificate in Electronic Engineering from The Hong Kong Polytechnic University in 1985.

Mr Leung Man Kwong, Alfred
General Manager

Mr. Leung is the General Manager of the Central Product Marketing responsible for all product lines of STMicroelectronics. Prior to joining Willas-Array Group, he had worked for 10 years in the electronic components division of Inchcape Industrial Limited. He joined Willas-Array Group in 1998, assuming managerial positions with responsibilities in the operations of Hong Kong and Southern China until April 2003. He obtained a Bachelor of Management (Honours) from the Management Centre of Buckingham (UK) in 1990.

KEY EXECUTIVES

Mr Leung Chi Hang, Daniel
General Manager

Mr. Leung is the General Manager for Information Technology and Logistics of our Group. Prior to joining Willas-Array, Mr. Leung served as a Consultant at Accenture, a global management consulting, technology services and outsourcing firm. He obtained both of his Bachelor of Science in Business Administration and Master of Business Administration ("MBA") from Fisher College of Business at The Ohio State University in 1998 and 2004 respectively. Upon his graduation from his Bachelor degree and prior to obtaining his MBA, Mr. Leung worked at a trading company in Los Angeles, USA, for four years, overseeing its daily operations.

Mr Leung Hon Shing, Raymond
Financial Controller and Company Secretary

Mr. Leung is the Financial Controller and Company Secretary of our Group. He is responsible for overseeing the financial management of the Group. Prior to joining Willas-Array Group in 2002, he had worked in a listed company in Hong Kong and an international accounting firm, accumulating various extensive experiences in the field of auditing, accounting and financial management experience. He is a Fellow of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of the Chartered Certified Accountants, associate members of the Hong Kong Institute of Company Secretaries and the Institute of Chartered Secretaries and Administrators. He holds a Professional Diploma in Company Secretaryship and Administration from The Hong Kong Polytechnic University in 1988.

Mr Or To Ching, Chris
Information Technology Manager

Mr. Or is the Information Technology Manager of our Group. He is generally responsible for overseeing the daily operation of the Information Technology Department and provides a supportive role in the Group. He joined Willas-Array Group in 1993 as a Systems Analyst and was promoted to the position of Manager in 1995. Prior to that, he worked as a Systems Analyst in BankAmerica Trust Co. (HK) Limited from 1988 to 1990. Mr. Or obtained his Bachelor of Science in Computer Science from University of Auckland, New Zealand in 1983 and his Master of Arts in Information Systems from The City University of Hong Kong in 1998.

CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Leung Chun Wah (Chairman) Kwok Chan Cheung (Deputy Chairman and Managing Director) Hung Yuk Choy (Deputy Managing Director) Phaisalakani, Vichai @ Hung, Andy (Executive Director and Chief Financial Officer) Jovenal R. Santiago (Independent Non-executive Director) Wong Kwan Seng, Robert (Independent Non-executive Director) Tse Pui Kee, Albert (Independent Non-executive Director)
AUDIT COMMITTEE	:	Jovenal R. Santiago (Chairman) Wong Kwan Seng, Robert Tse Pui Kee, Albert
COMPANY SECRETARY	:	Leung Hon Shing, ACIS
REGISTERED OFFICE	:	Canon's Court 22 Victoria Street Hamilton HM12 Bermuda Telephone: (441) 295 1443 Fax: (441) 295 9216
PRINCIPAL PLACE OF BUSINESS	:	24/F Wyler Centre Phase 2 200 Tai Lin Pai Road Kwai Chung, New Territories Hong Kong
BERMUDA REGISTRAR AND SHARE TRANSFER OFFICE	:	Appleby Management (Bermuda) Limited Argyle House 41A Cedar Avenue Hamilton HM12 Bermuda
SINGAPORE SHARE TRANSFER AGENT	:	Intertrust Singapore Corporate Services Pte. Ltd. 3 Anson Road #27-01 Springleaf Tower Singapore 079909

CORPORATE INFORMATION

AUDITORS	:	Deloitte & Touche LLP Public Accountants and Certified Public Accountants 6 Shenton Way #32-00 DBS Building Tower Two Singapore 068809 Audit Partner : Patrick Tan Hak Pheng Date of appointment : June 1, 2008
SOLICITORS	:	WongPartnership LLP One George Street #20-01 Singapore 049145
PRINCIPAL BANKER	:	Standard Chartered Bank 4-4A Des Voeux Road Central Hong Kong

CORPORATE GOVERNANCE REPORT

Willas-Array Electronics (Holdings) Limited (the "Company") is committed to achieving high standards of corporate governance and has generally complied with the principles of the Code of Corporate Governance (the "Code"), which is recommended by the Corporate Governance Committee. The Board is pleased to report compliance by the Company with the Code except where otherwise stated.

BOARD OF DIRECTORS - PRINCIPLES 1, 2, 3, & 6

The Board comprises seven directors, four of whom are executive directors and three of whom are independent non-executive directors. The Board, taking into account the nature of operations of the Company, considers its current size to be adequate for effective decision-making. Key information regarding the directors' background, qualifications, and other appointments is set out on pages 18 to 21 of the Annual Report. The Chairman of the Company gives guidance on the corporate direction of the Group and is also involved in the scheduling and chairing of Board meetings and the controlling of the quality, quantity and timeliness of information supplied to the Board. The Managing Director of the Company assists the Chairman in setting the business strategies and directions for the Company and manages the business operations of the Company with other management staff. Each of the Chairman and Managing Director performs separate functions to ensure that there is an appropriate balance of power and authority, and that accountability and independent decision-making are not compromised. In addition, the Chairman and Managing Director are not related to each other. In order to enhance the directors' competency, the directors will receive relevant training, particularly on relevant new laws, regulations and changing commercial risks, from time to time. The directors will also be updated on the business of the Company through regular presentations and meetings. Apart from its statutory duties and responsibilities, the Board approves nomination of directors to the Board and appointment of key managerial personnel, oversees the management of the business and affairs of the Company, approves the Company's corporate and strategic directions, reviews the financial performance of the Company and approves any investment proposals. The Board is accountable to the shareholders while the management is accountable to the Board. To assist the Board in fulfilling its responsibilities, the Board is provided with management reports containing complete, adequate and timely information, and papers containing relevant background or explanatory information required to support the decision making process.

BOARD OF DIRECTORS - PRINCIPLES 1, 2, 3, & 6 - *continued*

All directors have separate and independent access to senior management and to the company secretary. The company secretary ensure that minutes of Board meetings are prepared, and assist the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively. The company secretary also ensure that the Company's Bye-Laws and relevant rules and regulations, including requirements of the Companies Act and the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), are complied with. Should directors, whether as a group or individually, need independent professional advice in the furtherance of their duties, the cost of such professional advice will be borne by the Company. The Board met twice during the past financial year. However, the executive directors met more regularly to review and discuss management and operational matters. In addition, directors' resolutions in writing were also circulated for transactions that require directors' approval. The number of Board, Audit Committee, Nomination Committee, and Remuneration Committee meetings held in the year, as well as the attendance of every Board member at those meetings is as follows:

	Board	Audit Committee	Nomination Committee	Remuneration Committee
No. of Meetings held in Financial Year	2	2	1	2
Name & Attendance of Director:				
Leung Chun Wah	2	2*	1*	2*
Kwok Chan Cheung	2	x	x	x
Hung Yuk Choy	1	x	x	x
Phaisalakani, Vichai @ Hung, Andy	2	2*	1*	2*
Jovenal R. Santiago	2	2	1	2
Wong Kwan Seng, Robert	2	2	1	2
Tse Pui Kee, Albert	2	2	1	2

x indicates not applicable

* not a member but attended by invitation

NOMINATION COMMITTEE - PRINCIPLES 4 & 5

The Nomination Committee comprises Mr. Wong Kwan Seng, Robert (as Chairman), Mr. Jovenal R. Santiago and Mr. Tse Pui Kee, Albert. All members of the Nomination Committee are independent directors.

The Nomination Committee performs the following functions:

a) Reviewing and making recommendations to the Board on all candidates nominated for appointment to the Board;

b) Reviewing all candidates nominated for appointment as senior management staff;

c) Reviewing and recommending to the Board on an annual basis, the Board structure, size and composition, taking into account the balance between executive and non-executive, independent and non-independent directors and having regard at all times to the principles of corporate governance under the Code;

d) Identifying and making recommendations to the Board as to the directors who are to retire by rotation and to be put forward for re-election at each Annual General Meeting of the Company, having regard to the directors' contribution and performance, including independent directors;

e) Determining whether a director is independent (taking into account the circumstances set out in the Code and other salient factors); and

f) Proposing a set of objective performance criteria to the Board for approval and implementation, to evaluate the effectiveness of the Board as a whole and the contribution of each director to the effectiveness of the Board.

The Nomination Committee meets at least once a year and additional meetings are held whenever necessary.

Matters requiring approval of the Nomination Committee may also be approved by resolutions in writing. Pursuant to the Company's Bye-laws, one third of the directors for the time being are required to retire by rotation in each Annual General Meeting and a newly appointed director must retire and be eligible for re-election at the next Annual General Meeting following his appointment. The Nomination Committee recommended to the Board that Mr. Leung Chun Wah and Mr. Hung Yuk Choy be nominated for reappointment at the forthcoming Annual General Meeting. In making the recommendation, the Nomination Committee had considered the directors' overall contribution and performance.

REMUNERATION COMMITTEE - PRINCIPLE 7

In compliance with the Code of Corporate Governance 2005, which requires all Committee members to be non-executive directors, the Remuneration Committee comprises Mr. Tse Pui Kee, Albert (as Chairman), Mr. Wong Kwan Seng, Robert and Mr. Jovenal R. Santiago. Currently, all members of the Remuneration Committee are independent directors.

The functions of the Remuneration Committee are as follows:

a) Recommending to the Board a framework of remuneration for the Board and the key executives of the Company covering all aspects of remuneration such as director's fees, salaries, allowances, bonuses, options and benefits-in-kind;

b) Proposing to the Board, appropriate and meaningful measures for assessing the executive directors' performance; and

c) Determining the specific remuneration package for each executive director.

The Remuneration Committee will meet at least once a year and additional meetings are held whenever necessary.

Matters requiring approval of the Remuneration Committee may also be approved by resolutions in writing. In carrying out the above, the Remuneration Committee may obtain independent external legal and other professional advice as it deems necessary. The expenses of such advice shall be borne by the Company.

REMUNERATION AND BENEFITS OF DIRECTORS AND TOP FIVE KEY EXECUTIVES - PRINCIPLES 8 & 9

The Company sets remuneration packages which are competitive and sufficient to attract, retain and motivate directors and senior management of the required experience and expertise to run the Company successfully. The following table shows a breakdown of the remuneration of the directors for financial year 2011:

Remuneration Bands	Salary	Bonus	Directors' fees	Others	Total
	%	%	%	%	%
Directors					
S$750,000 - S$999,999					
NIL	—	—	—	—	—
S$500,000 - S$749,999					
Leung Chun Wah	62	38	—	—	100
Kwok Chan Cheung	62	38	*	—	100
Hung Yuk Choy	62	38	—	—	100
S$250,000 - S$499,999					
Phaisalakani, Vichai @ Hung, Andy	42	26	4*	28	100

* During the past financial year, the director received a notional amount of director's fee from one of the subsidiaries of the Company. The amount of fee is insignificant and constitutes less than half a percentage point of the total remuneration of the director.

Remuneration Bands	Salary	Bonus	Directors' fees	Others	Total
Below S$250,000					
Jovenal R. Santiago	—	—	100	—	100
Wong Kwan Seng, Robert	—	—	100	—	100
Tse Pui Kee, Albert	—	—	100	—	100

Independent non-executive directors are paid directors' fees.

REMUNERATION AND BENEFITS OF DIRECTORS AND TOP FIVE KEY EXECUTIVES - PRINCIPLES 8 & 9 - *continued*

The annual remuneration of our top five key executives is as follows:

Remuneration Bands	Salary	Performance Bonus	Others	Total
	%	%	%	%
Key Executives				
S$250,000 - S$499,999				
Chu Ki Pun, Joseph	44	41	15	100
Hon Kar Chun, Alvin	48	40	12	100
Chan Sik Kong, Ringo	49	42	9	100
Choi Pik Sing, Derek	49	42	9	100
Lam Chi Cheung, Ken	57	36	7	100
Below S$250,000				
NIL	—	—	—	—

On September 1, 2008, Mr. Leung Chi Hang, Daniel, the eldest son of the Chairman of the Company, was employed as the General Manager for Information Technology and Logistics. His remuneration for the past financial year does not constitute any of the top five key executives of the Company.

EMPLOYEE SHARE OPTION SCHEME COMMITTEE

The Employee Share Option Scheme Committee comprises Mr. Leung Chun Wah (as Chairman), Mr. Kwok Chan Cheung, and Mr. Hung Yuk Choy. In pursuance of the Willas-Array Electronics Employee Share Option Scheme II ("Scheme II"), an aggregate of 25,739,000 share options were outstanding as at March 31, 2011. Of these outstanding share options, 2,700,000 were granted to Mr. Phaisalakani, Vichai @ Hung, Andy, while the remaining share options were granted to the employees of the Company. The ESOS II, approved by the written resolutions in lieu of a Special General Meeting held on June 11, 2001, had expired on June 10, 2011. For more information on Scheme II, please refer to the Report of the Directors and Financial Statements.

ACCOUNTABILITY - PRINCIPLE 10

The Board of Directors is accountable to the shareholders while the management of the Company is accountable to the Board. The management presents to the Board monthly management accounts as well as the half-year and full-year financial statements and the Audit Committee reports on the results for review and approval. The Board approved the results and authorised the release of the results to the SGX-ST and the public via SGXNET.

AUDIT COMMITTEE - PRINCIPLE 11

The Audit Committee comprises Mr. Jovenal R. Santiago, Mr. Tse Pui Kee, Albert and Mr. Wong Kwan Seng, Robert. Mr. Jovenal R. Santiago is the Chairman of the Audit Committee. All the directors in the Audit Committee are independent.

The Audit Committee performs, amongst others, the following functions:

a) Reviewing with external auditors the audit plan and their audit report;

b) Reviewing with the internal auditors, the scope and results of the internal audit procedures and their evaluation of the overall internal control system;

c) Reviewing the Company's financial results and the announcements before submission to the Board for approval;

d) Reviewing the assistance given by management to external and internal auditors;

e) Reviewing significant findings of internal investigations;

f) Considering the appointment/re-appointment of the external auditors; and

g) Reviewing interested person transactions.

The Audit Committee meets periodically and also holds informal meetings and discussions with the management from time to time. The Audit Committee has full discretion to invite any Director or executive officer to attend its meetings.

The Audit Committee has been given full access to and is provided with the co-operation of the Company's management. In addition, the Audit Committee has independent access to both internal and external auditors.

The Audit Committee meets periodically with external auditors without the presence of management. The Audit Committee has reasonable resources to enable it to discharge its functions properly.

The Audit Committee has reviewed the value of non-audit services to the Company by the external auditors, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, is pleased to recommend their re-appointment.

The Audit Committee has established a channel for staff of the company to raise concerns about possible improprieties in matters of financial reporting or other matters.

INTERNAL CONTROLS AND INTERNAL AUDIT - PRINCIPLES 12 & 13

The Company's internal controls and systems are designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial information and to safeguard and maintain the accountability of the Shareholders' investment and the Company's assets.

The review of the system of internal controls is an ongoing process and the Board recognises the importance of such system. In view of the Company's business and scale of operations, and in order to adopt the most cost-effective method of conducting periodic reviews of the Company's internal controls, the Board has continued to outsource the internal audit function to an external accounting firm. RSM Nelson Wheeler Consulting Limited, an international accounting firm, was re-appointed on April 1, 2010 as the Company's internal auditors. RSM Nelson Wheeler had reviewed the effectiveness of the Company's material internal controls and had visited the Company once during the past financial year, with a duration of three weeks for the visit. The internal auditors reported directly to the Chairman of the Audit Committee. Its scope of evaluation of the Company's internal control system included:

- purchase and payment process and inventory process for Shanghai operation.

The internal auditors conducted their audits in August of 2010. Their findings have been reported to the Chairman of the Audit Committee. The internal audit reports have been distributed to the management. Based on the internal audit reports, the management has concluded that there have been no major shortfall in the system of internal controls of the Company in the areas evaluated and adequate internal controls are in place.

DEALING IN SECURITIES

The Company has adopted a code of conduct on share dealings by directors and key officers. The code of conduct was modelled after the SGX-ST Best Practices Guide with some modification. The guidelines set out in the code of conduct include the following:

1. Directors and key officers are prohibited from trading in the Company's shares for a period of one month prior to the announcement of the Company's results;

2. Directors and key officers are strictly required to observe the insider trading laws under the Securities and Futures Act (Chapter 289 of Singapore) at all times; and

3. Directors and key officers are required to report to the Company which in turn will report to the public through SGXNET announcements whenever they deal in the Company's shares.

COMMUNICATIONS WITH SHAREHOLDERS - PRINCIPLES 14 & 15

The Company does not practise selective disclosure. Information is disseminated via SGXNET, news releases and the Company's website on a timely basis. Price-sensitive information is publicly released, and is announced within the mandatory period and is available on the Company's website. All shareholders will receive the Annual Report and the notice of the Annual General Meeting. At the Annual General Meeting, all shareholders will be given the opportunity to voice their views and to direct questions regarding the Group to directors, including the chairpersons of each of the Board committees. The external auditors are also normally present to assist the directors in addressing any relevant queries by shareholders.

MATERIAL CONTRACTS (LISTING MANUAL RULE 1207(8))

Save as disclosed in the Report of the Directors and Financial Statements, there are no material contracts of the Company or its subsidiaries involving the interest of the chief executive officer or any director or controlling shareholders subsisting at the end of the financial year.

INTERESTED PERSON TRANSACTIONS (LISTING MANUAL RULE 907)

The Group has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee and that the transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders. For financial year 2011, there were no interested person transactions.

RISK MANAGEMENT (LISTING MANUAL RULE 1207(4)(b)(iv))

The Company regularly reviews and improves its business and operational activities by taking into account the risk management perspective. The Company seeks to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the Audit Committee. For more information on the Company's risk management policies and processes, please refer to the Financial Statements.

REPORT OF THE DIRECTORS

The directors present their report together with the audited consolidated financial statements of Willas-Array Electronics (Holdings) Limited (the "Company") and its subsidiaries (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended March 31, 2011.

1. DIRECTORS

The directors of the Company in office at the date of this report are:

Mr. Leung Chun Wah
Mr. Kwok Chan Cheung
Mr. Hung Yuk Choy
Mr. Phaisalakani, Vichai @ Hung, Andy
Mr. Jovenal R. Santiago
Mr. Wong Kwan Seng, Robert
Mr. Tse Pui Kee, Albert

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate except for the options mentioned in paragraphs 3 and 5 of the Report of the Directors.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations except as follows:

	Shareholdings registered in the name of director			Shareholdings in which director is deemed to have an interest		
	At April 1, 2010	At March 31, 2011	At April 21, 2011	At April 1, 2010	At March 31, 2011	At April 21, 2011
The Company	(Ordinary shares of HK$0.20 each)					
Mr. Leung Chun Wah	—	—	—	78,465,712	78,465,712	94,158,854
Mr. Kwok Chan Cheung	—	—	—	32,898,143	32,898,143	39,477,771
Mr. Hung Yuk Choy	—	—	—	21,500,995	21,500,995	25,801,194

4. DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the attached financial statements.

5. OPTIONS TO TAKE UP UNISSUED SHARES

The Company adopts the Willas-Array Electronics Employee Share Option Scheme I ("Scheme I") and the Willas-Array Electronics Employee Share Option Scheme II ("Scheme II") to grant share options to eligible employees, including the executive directors of the Company and its subsidiaries.

The options under Scheme I grant the right to the holder to subscribe for new ordinary shares of the Company at a price equal to that offered to the public at the initial public offering of the new ordinary shares of the Company, which is set at S$0.28 per ordinary share and the maximum number of shares in respect of which options might be granted under Scheme I was 25,000,000.

Under Scheme I, the period for the exercise of an option will commence, except in certain special circumstances, after the first anniversary of the date of grant and expiring on the tenth anniversary of such date of grant.

The options under Scheme II grant the right to the holder to subscribe for new ordinary shares of the Company at a discount to market price of the share (subject to a maximum discount of 20%) or at a price equal to the average of the closing prices of the shares on the Singapore Exchange Securities Trading Limited ("SGX-ST") on the five trading days immediately preceding the date of the grant of the option. The number of shares in respect of which options may be granted under Scheme II, when aggregate with those granted under any other share option schemes of the Company and the time being in force, shall not exceed 15% of the issued share capital of the Company on the date preceding the date of the relevant grant.

Under Scheme II, the period for the exercise of an option will commence, except in certain special circumstances, after the first anniversary of the date of grant and expiring on the tenth anniversary of such date of grant in the case of an option granted with the exercise price set at the market price; and after the second anniversary of the date of grant and expiring on the tenth anniversary of such date of grant in the case of an option granted with the exercise price set at a discount to the market price.

The above share option schemes are administered by a committee which has been authorised to determine the terms and conditions of the grant of the options.

5. OPTIONS TO TAKE UP UNISSUED SHARES - *continued*

Scheme I was terminated on July 2, 2001 upon admission of the Company to the Official List of the SGX-ST pursuant to the rules of the scheme and no further options would be granted by the Company under the scheme. The options granted under Scheme I up to the date of its termination and the unissued ordinary shares of the Company under option pursuant to Scheme I were as follows:

	Number of share options				
Date of grant	Balance at beginning of the year	Cancelled during the year	Balance at end of the year	Exercise price per share	Exercise period
June 14, 2001	6,032,000	—	6,032,000	S$0.28	June 14, 2002 to June 13, 2011

The options granted under Scheme II during the financial year and the unissued ordinary shares of the Company under option pursuant to Scheme II were as follows:

		Number of share options				
Date of grant	Balance at beginning of the year	Cancelled during the year (Note)	Balance at end of the year	Exercise price per share	Discount	Exercise period
April 11, 2002	5,740,000	—	5,740,000	S$0.18	20%	April 11, 2004 to April 10, 2012
May 6, 2003	1,100,000	—	1,100,000	S$0.11	20%	May 6, 2005 to May 5, 2013
April 17, 2004	9,550,000	(100,000)	9,450,000	S$0.18	20%	April 17, 2006 to April 16, 2014
November 18, 2004	350,000	—	350,000	S$0.145	20%	November 18, 2006 to November 17, 2014
October 2, 2009	9,099,000	—	9,099,000	S$0.08	20%	October 2, 2011 to October 1, 2019

Note: These options were cancelled upon resignation of the holders.

5. OPTIONS TO TAKE UP UNISSUED SHARES - *continued*

There are no outstanding share options granted under Scheme I to the directors.

The details of the outstanding share options granted under Scheme II to Mr. Phaisalakani, Vichai @ Hung, Andy, a director, during the financial year were as follows:

	Number of share options			
	Options granted during the year	Aggregate options granted since commencement up to March 31, 2011	Aggregate options exercised since commencement up to March 31, 2011	Aggregate options outstanding as at March 31, 2011
Scheme II	—	2,700,000	—	2,700,000

Each option grants the holder the right to subscribe for one ordinary share of HK$0.20 each in the Company. The options may be exercised in full or in part thereof. The holders do not have the right to participate by virtue of the options in any share issue of the other companies in the Group. Options granted are cancelled when the holder is no longer a full-time employee of the Company or any corporation in the Group subject to certain exceptions at the discretion of the Company.

There were no participants to the above share option schemes who are controlling shareholders of the Company and their associates. Except for the director mentioned above, no participants to the above share options schemes received options representing 5% or more of the total number of share options available under the above schemes.

Other than disclosed above, there were no options granted by the Company to any person to take up unissued shares of the Company or any corporations in the Group during the financial year.

6. OPTIONS EXERCISED

During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.

7. UNISSUED SHARES UNDER OPTION

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option, except for the share option schemes disclosed in paragraph 5 above.

8. AUDIT COMMITTEE

The Audit Committee ("AC") performed the functions as detailed in the Group's Corporate Governance Report.

The AC has recommended to the Board of Directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting of the Company.

9. AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Mr. Leung Chun Wah
Chairman

Mr. Kwok Chan Cheung
Deputy Chairman and Managing Director

Date: June 17, 2011

STATEMENT OF DIRECTORS

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 45 to 127 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at March 31, 2011, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

On behalf of the Board of Directors

Mr. Leung Chun Wah
Chairman

Mr. Kwok Chan Cheung
Deputy Chairman and Managing Director

Date: June 17, 2011

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WILLAS-ARRAY ELECTRONICS (HOLDINGS) LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Willas-Array Electronics (Holdings) Limited (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and the Company as at March 31, 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 45 to 127.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT

OPINION

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at March 31, 2011 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants
Singapore

Patrick Tan Hak Pheng
Partner
Appointed on June 1, 2008

Date: June 17, 2011

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2011

	NOTES	GROUP			COMPANY	
		March 31, 2011 HK$'000	March 31, 2010 HK$'000 (Restated)	April 1, 2009 HK$'000 (Restated)	March 31, 2011 HK$'000	March 31, 2010 HK$'000
ASSETS						
Current assets						
Cash and cash equivalents	7	417,068	410,050	303,714	965	964
Short-term bank deposit	7	2,905	—	—	—	—
Trade and bills receivables	8	611,563	539,524	285,811	—	—
Other receivables and prepayments	9	13,997	20,425	10,020	182,226	162,124
Prepaid lease payments - current	10	12	12	12	—	—
Income tax recoverable		88	131	1,020	—	43
Derivative financial instruments	11	28	—	4	—	—
Inventories	12	476,448	468,839	234,939	—	—
Total current assets		1,522,109	1,438,981	835,520	183,191	163,131
Non-current assets						
Prepaid lease payments - non-current	10	644	656	668	—	—
Property, plant and equipment	13	166,380	82,681	89,332	—	—
Long-term deposits	14	329	3,586	1,096	—	—
Available-for-sale investments	16	2,001	2,001	2,001	—	—
Derivative financial instruments	11	3	44	—	—	—
Interests in jointly controlled entities	19	8,773	8,795	9,015	—	—
Deferred tax assets	24	3,512	2,664	2,244	—	—
Subsidiaries	18	—	—	—	117,470	117,470
Total non-current assets		181,642	100,427	104,356	117,470	117,470
Total assets		1,703,751	1,539,408	939,876	300,661	280,601

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2011

	NOTES	GROUP			COMPANY	
		March 31, 2011 HK$'000	March 31, 2010 HK$'000 (Restated)	April 1, 2009 HK$'000 (Restated)	March 31, 2011 HK$'000	March 31, 2010 HK$'000
LIABILITIES AND EQUITY						
Current liabilities						
Trust receipt loans	20	639,628	544,459	215,986	—	—
Trade payables	21	373,918	396,130	145,707	—	—
Other payables	22	52,220	43,803	32,284	8,349	5,723
Income tax payable		6,031	7,937	626	350	—
Derivative financial instruments	11	146	4,441	—	—	—
Amounts due to jointly controlled entities	6	8,670	8,656	2,486	—	—
Bank borrowings	23	81,449	113,902	193,235	—	—
Total current liabilities		1,162,062	1,119,328	590,324	8,699	5,723
Non-current liabilities						
Bank borrowings	23	55,000	—	—	—	—
Derivative financial instruments	11	3,009	2,526	—	—	—
Deferred tax	24	2,133	—	1,236	—	—
Total non-current liabilities		60,142	2,526	1,236	—	—
Capital, reserves and non-controlling interests						
Issued capital	25	62,000	62,000	62,000	62,000	62,000
Capital reserves	26	162,373	161,569	161,401	162,373	161,569
Currency translation reserve		11,647	4,853	7,418	—	—
Dividend reserve		38,516	31,471	—	38,516	31,471
Accumulated profits		198,510	150,985	111,771	29,073	19,838
Equity attributable to owners of the Company		473,046	410,878	342,590	291,962	274,878
Non-controlling interests		8,501	6,676	5,726	—	—
Total equity		481,547	417,554	348,316	291,962	274,878
Total liabilities and equity		1,703,751	1,539,408	939,876	300,661	280,601

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2011

	NOTES	2011 HK$'000	2010 HK$'000
Revenue	28	3,797,120	2,940,838
Cost of sales		(3,411,444)	(2,626,616)
Gross profit		385,676	314,222
Other operating income	29	7,567	15,274
Distribution costs		(50,862)	(31,683)
Administrative expenses		(218,784)	(204,126)
Share of loss of jointly controlled entities	19	(22)	(198)
Finance costs	30	(13,531)	(9,968)
Profit before tax		110,044	83,521
Income tax expense	31	(22,209)	(12,045)
Profit for the year	32	87,835	71,476
Other comprehensive income:			
Exchange differences on translation of overseas operations		6,787	(302)
Release of exchange difference upon dissolution of overseas operations		7	(2,263)
Other comprehensive income for the year, net of tax		6,794	(2,565)
Total comprehensive income for the year		94,629	68,911
Profit attributable to:			
Owners of the Company		86,010	70,526
Non-controlling interests		1,825	950
		87,835	71,476
Total comprehensive income attributable to:			
Owners of the Company		92,804	67,961
Non-controlling interests		1,825	950
		94,629	68,911
Earnings per share	33		
– Basic (HK cents) before restatement for rights issue		27.75	22.75
– Basic (HK cents) restated for rights issue		26.82	21.99
– Diluted (HK cents) before restatement for rights issue		27.28	22.66
– Diluted (HK cents) restated for rights issue		26.37	21.91
Dividends	34		
Proposed final per ordinary share (HK cents)		10.354	10.152

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2011

	Issued capital HK$'000	Capital reserves HK$'000	Currency translation reserve HK$'000	Dividend reserve HK$'000	Accumulated profits HK$'000	Attributable to owners of the Company HK$'000	Non-controlling interests HK$'000	Total HK$'000
GROUP								
Balance at March 31, 2009	62,000	161,401	7,418	—	111,771	342,590	5,726	348,316
Total comprehensive income for the year	—	—	(2,565)	—	70,526	67,961	950	68,911
Recognition of share-based payments	—	327	—	—	—	327	—	327
Share options cancelled	—	(159)	—	—	159	—	—	—
Proposed dividend (Note 34)	—	—	—	31,471	(31,471)	—	—	—
Balance at March 31, 2010	62,000	161,569	4,853	31,471	150,985	410,878	6,676	417,554
Total comprehensive income for the year	—	—	6,794	—	86,010	92,804	1,825	94,629
Recognition of share-based payments	—	835	—	—	—	835	—	835
Share options cancelled	—	(31)	—	—	31	—	—	—
Dividend paid	—	—	—	(31,471)	—	(31,471)	—	(31,471)
Proposed dividend (Note 34)	—	—	—	38,516	(38,516)	—	—	—
Balance at March 31, 2011	**62,000**	**162,373**	**11,647**	**38,516**	**198,510**	**473,046**	**8,501**	**481,547**

	Issued capital HK$'000	Capital reserves HK$'000	Dividend reserve HK$'000	Accumulated profits HK$'000	Total HK$'000
COMPANY					
Balance at March 31, 2009	62,000	161,401	—	13,322	236,723
Total comprehensive income for the year	—	—	—	37,828	37,828
Recognition of share-based payments	—	327	—	—	327
Share options cancelled	—	(159)	—	159	—
Proposed dividend (Note 34)	—	—	31,471	(31,471)	—
Balance at March 31, 2010	62,000	161,569	31,471	19,838	274,878
Total comprehensive income for the year	—	—	—	47,720	47,720
Recognition of share-based payments	—	835	—	—	835
Share options cancelled	—	(31)	—	31	—
Dividend paid	—	—	(31,471)	—	(31,471)
Proposed dividend (Note 34)	—	—	38,516	(38,516)	—
Balance at March 31, 2011	**62,000**	**162,373**	**38,516**	**29,073**	**291,962**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2011

	2011 HK$'000	2010 HK$'000 (Restated)
Operating activities:		
Profit before tax	110,044	83,521
Adjustments for:		
Depreciation expense	8,628	16,264
Amortisation of prepaid lease payments	12	12
Interest expense	13,531	9,968
Share-based payment expense	835	327
Allowance for (reversal of allowance for) inventories	12,131	(7,837)
Impairment losses recognised on receivables	10,081	8,246
(Gain)/ loss on disposal of property, plant and equipment	(1)	475
Net (gain) loss on fair value changes of derivative financial instruments	(3,799)	6,927
Share of loss of jointly controlled entities	22	198
Release of exchange difference upon dissolution of overseas operations	7	(2,263)
Interest income	(1,314)	(619)
Operating cash flows before movements in working capital	150,177	115,219
Trade and bills receivables	(82,950)	(262,333)
Other receivables and prepayments	6,428	(10,405)
Inventories	(19,980)	(226,131)
Trade payables	(22,212)	250,423
Other payables	8,418	11,519
Long-term deposits	1,081	(314)
Amounts due from jointly controlled entities	14	—
Cash generated from (used in) operations	40,976	(122,022)
Income tax paid	(22,937)	(5,505)
Interest paid	(13,531)	(9,968)
Interest received	1,314	619
Net cash from (used in) operating activities	5,822	(136,876)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2011

	2011 HK$'000	2010 HK$'000 (Restated)
Investing activities:		
Purchase of property, plant and equipment (Note)	(87,720)	(9,822)
Deposit paid for purchase of a leasehold property	—	(2,176)
Increase in short-term bank deposit	(2,905)	—
Proceeds from disposal of property, plant and equipment	27	54
Net cash used in investing activities	(90,598)	(11,944)
Financing activities:		
Dividend paid	(31,471)	—
Advance from jointly controlled entity	—	6,170
Increase in trust receipt loans	95,169	328,473
Repayment of bank borrowings	(123,108)	(109,333)
Proceeds from bank borrowings	145,655	30,000
Net cash from financing activities	86,245	255,310
Net increase in cash and cash equivalents	1,469	106,490
Cash and cash equivalents at beginning of year	410,050	303,714
Effects of exchange rate changes on the balance of cash held in foreign currencies	5,549	(154)
Cash and cash equivalents at end of year	417,068	410,050

Note: During the Year, the Group has purchased property, plant and equipment for a consideration of HK$89,896,000 of which HK$2,176,000 was made as prepayment in previous year.

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

1. GENERAL

The Company is incorporated in Bermuda 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 mainboard of the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Hong Kong dollars.

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are described in Note 18.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended March 31, 2011 were authorised for issue by the Board of Directors on June 17, 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements are prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

ADOPTION OF NEW AND REVISED STANDARDS - In the current financial year, the Group has adopted all the new and revised International Accounting Standards ("IAS") and International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (the "IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB that are relevant to its operations and effective for annual periods beginning on or after April 1, 2010. The adoption of these new/revised IASs, IFRSs and IFRICs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

ADOPTION OF NEW AND REVISED STANDARDS – *continued*

Amendments to IAS 17 Leases

As part of *Improvements to IFRSs* issued in 2009 by IASB, IAS 17 *Leases* has been amended in relation to the classification of leasehold land. Before the amendments to IAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to IAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in IAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to IAS 17, the Group reassessed the classification of unexpired leasehold land as at April 1, 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payment to property, plant, and equipment retrospectively. This resulted in prepaid lease payments with the carrying amounts of HK$3,601,000 and HK$3,510,000 as at April 1, 2009 and March 31, 2010 respectively being reclassified to property, plant and equipment.

As at March 31, 2011, leasehold land that qualifies for finance lease classification with the carrying amount of HK$3,418,000 has been included in property, plant and equipment. The application of the amendments to IAS 17 has had no impact on the reported profit or loss for the current and prior years.

INTERPRETATION OF STANDARDS ALREADY ISSUED AND ALREADY EFFECTIVE IN PRIOR PERIOD

Classification of callable term loans that contains a "Repayment on Demand" Clause

Subsequent to the outcome of an International Financial Reporting Standards Interpretation Committee discussion in November 2010 regarding the classification of callable term loans, the Group has clarified the terms of certain loan facilities with the banks and considered that it would be more appropriate that those loans be classified as current. Accordingly, the Group has restated their borrowings for the prior periods.

As a result, bank loans that contain a repayment on demand clause with the aggregate carrying amounts of HK$53,150,000 and HK$40,160,000 have been reclassified from non-current liabilities to current liabilities as at March 31, 2010 and April 1, 2009 respectively. As at March 31, 2011, bank loans (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) with the aggregate carrying amount of HK$46,221,000 have been classified as current liabilities. Such change in classification of the Group's bank loans has had no impact on the reported profit or loss for the current and prior years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

ADOPTION OF NEW AND REVISED STANDARDS – *continued*

Summary of the effects of the above amendments to IAS 17 and the classification of bank loans

The effects of the above changes in accounting policies on the financial positions of the Group as at April 1, 2009 and March 31, 2010 are as follows:

	As at April 1, 2009 (Previously stated) HK$'000	Adjustments HK$'000	April 1, 2009 (Restated) HK$'000	As at March 31, 2010 (Previously stated) HK$'000	Adjustments HK$'000	March 31, 2010 (Restated) HK$'000
Property, plant and equipment	85,731	3,601	89,332	79,171	3,510	82,681
Prepaid lease payment - current	103	(91)	12	104	(92)	12
Prepaid lease payment - non-current	4,178	(3,510)	668	4,074	(3,418)	656
Bank borrowings - current	(153,075)	(40,160)	(193,235)	(60,752)	(53,150)	(113,902)
Bank borrowings - non-current	(40,160)	40,160	—	(53,150)	53,150	—

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

ADOPTION OF NEW AND REVISED STANDARDS – *continued*

The Group has not early applied the following new and revised standards and interpretations that have been issued but are not yet effective:

IFRSs (Amendments)	Improvements to IFRSs 2010[1]
IFRS 1 (Amendments)	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters[2]
IFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[3]
IFRS 7 (Amendments)	Disclosures - Transfers of Financial Assets[3]
IFRS 9	Financial Instruments[4]
IFRS 10	Consolidated Financial Statements[4]
IFRS 11	Joint Arrangements[4]
IFRS 12	Disclosure of Interests in Other Entities[4]
IFRS 13	Fair Value Measurement[4]
IAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
IAS 24 (Revised 2009)	Related Party Disclosures[6]
IAS 27 (Revised 2011)	Separate Financial Statements[4]
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[4]
IFRIC 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments[2]

1 Effective for annual periods beginning on or after July 1, 2010 and January 1, 2011, as appropriate
2 Effective for annual periods beginning on or after July 1, 2010
3 Effective for annual periods beginning on or after July 1, 2011
4 Effective for annual periods beginning on or after January 1, 2013
5 Effective for annual periods beginning on or after January 1, 2012
6 Effective for annual periods beginning on or after January 1, 2011

The management anticipates that the adoption of the above IFRSs, IFRICs and amendments to IFRSs in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

IFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

ADOPTION OF NEW AND REVISED STANDARDS – *continued*

Under IFRS 9, all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

IFRS 9 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

The management anticipates that IFRS 9 will be adopted in the Group's consolidated financial statements for the financial year ending March 31, 2014 and that the application of the new standard may have impact on amounts reported in respect of the Group's financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to IFRS 7 titled Disclosures - Transfers of Financial Assets increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The management does not anticipate that these amendments to IFRS 7 will have a significant effect on the Group's disclosures regarding transfers of trade receivables previously effected. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

The management anticipates that the application of the other new and revised standard and interpretations will have no material impact on the profit or loss and the financial position of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

In the Company's financial statements, investments in subsidiaries and jointly controlled entities are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

BUSINESS COMBINATIONS - The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree and equity interests issued by the Group in exchange for control of the acquiree.

Acquisition related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

BUSINESS COMBINATIONS – *continued*

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date - and is subject to a maximum of one year from acquisition date.

The accounting policy for initial measurement of non-controlling interests is described above.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income or expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as fair value through profit or loss which are initially measured at fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

FINANCIAL INSTRUMENTS – *continued*

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment loss on financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Loans and receivables

Trade and bills receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

FINANCIAL INSTRUMENTS – *continued*

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

FINANCIAL INSTRUMENTS – *continued*

Impairment of financial assets – *continued*

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

FINANCIAL INSTRUMENTS – *continued*

Other financial liabilities

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing cost (see below).

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective interest method.

A finance guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at fair value through profit or loss subsequently at the higher of the amount of obligation under contract recognised as a provision in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and, the amounts initially recognised less cumulative amortisation in accordance with IAS 18 *Revenue*.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 11.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Prepaid lease payments are up-front payments to acquire medium-term or long-term land use rights. The payments are stated at cost and are charged to profit or loss over the period of the relevant lease on a straight-line basis.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment including land and buildings held for use in the production or supply of goods or services, or for administrative purpose are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives on the following bases:

Leasehold land and buildings	Over the shorter of lease term or 50 years, straight-line method
Motor vehicles	20%, straight-line method
Plant and equipment	20%, straight-line method
Furniture and fixtures	20% to 33⅓%, straight-line method

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amounts of the asset and is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

GOODWILL - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

INTANGIBLE ASSETS - Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

INTANGIBLE ASSETS – *continued*

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL – *continued*

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

INTERESTS IN JOINT VENTURES - A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Where a Group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

SHARE-BASED PAYMENTS - The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Fair value is measured using the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferrability, exercise restrictions and behavioural considerations.

The policy described above is applied to all equity-settled share-based payments that were granted after November 7, 2002 that vested after January 1, 2005. No amount has been recognised in the financial statements in respect of other equity-settled share-based payments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Management fee income is recognised when management and administration services are provided.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme ("the MPF Scheme"), are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

INCOME TAX – *continued*

Deferred tax is calculated at the tax rates (and tax laws) that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Hong Kong dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – *continued*

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts (please see above for details of the Group's accounting policies in respect of such derivative financial instruments).

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Hong Kong dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the entity's accounting policies

Management has not made any critical judgements in applying the Group's accounting policies other than judgements relating to estimation uncertainties as stated below.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Allowance for doubtful debts

The Group makes allowances for doubtful debts based on an assessment of the recoverability of trade receivables. Allowances are applied to trade receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade receivables and doubtful debts expenses in the period in which such estimate has been changed. The carrying amount of trade receivables and allowance for doubtful debts are disclosed in Note 8.

Allowance for inventories obsolescence

The Group operates in the electronics industry which is subject to rapid technological changes and product obsolescence. The Group's policy for allowance for inventories obsolescence is based on the aging analysis of inventories and on management's judgement on the saleability of the inventories. As at March 31, 2011, management is of the opinion that the allowance for inventories obsolescence is adequate. The carrying amount of inventories and allowance for inventories obsolescence are disclosed in Note 12.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – *continued*

Fair value of available-for-sale investments and derivative financial instruments

The Group is required to assess the fair values of its available-for-sale investments and derivative financial instruments which involve the input of certain variables and, accordingly, require significant management judgment and assumptions.

Management has evaluated the assumptions used and judgement applied and is of the opinion that the assumptions used and judgment applied are reasonable and appropriate. The carrying amount of available-for-sale investments is disclosed in Note 16. The carrying amount of derivative financial instruments is disclosed in Note 11.

Impairment of goodwill and other intangible assets and available-for-sale investments

Determining whether goodwill, intangible assets or available-for-sale investments is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill, other intangible assets and available-for-sale investment at the end of the reporting period was HK$NIL (2010 : HK$NIL) and HK$NIL (2010 : HK$NIL) and HK$2,001,000 (2010: HK$2,001,000) respectively.

Useful lives and impairment assessment of property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and identified impairment losses. The estimation of their useful lives impacts the level of annual depreciation expense recorded. Property, plant and equipment are evaluated for possible impairment on a specific asset basis or in groups of similar assets, as applicable. This process requires management's estimate of future cash flows generated by each asset or group of asset. For any instance where this evaluation process indicates impairment, the appropriate assets' carrying values are written down to the recoverable amounts and the amount of the write-down is charged to profit or loss. The carrying amount of property, plant and equipment at the end of the reporting period was HK$166,380,000 (2010 : HK$82,681,000).

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	GROUP		COMPANY	
	March 31, 2011 HK$'000	March 31, 2010 HK$'000	March 31, 2011 HK$'000	March 31, 2010 HK$'000
Financial Assets				
Derivative financial instruments (fair value through profit or loss)	31	44	—	—
Loan and receivables (including cash and cash equivalents)	1,040,322	969,274	183,019	163,013
Available-for-sale financial assets	2,001	2,001	—	—
Financial Liabilities				
Liabilities at amortised cost	1,159,946	1,063,937	6,330	4,940
Derivative financial instrument (fair value through profit or loss)	3,155	6,967	—	—

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT – *continued*

(b) Financial risk management policies and objectives

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which were executed by the treasury department. It is and has been throughout the current and previous financial year the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

The Group uses derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including forward exchange contracts and interest rate swap contracts to reduce such exposures.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

(i) Foreign exchange risk management

The Group incurs foreign currency risk on sales and purchases that are denominated in currencies other than its functional currencies and therefore is exposed to foreign exchange risk.

At the reporting date, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	GROUP			
	Assets		Liabilities	
	March 31, 2011 HK$'000	March 31, 2010 HK$'000	March 31, 2011 HK$'000	March 31, 2010 HK$'000
United States dollars	861,390	830,062	(527,033)	(518,622)
Hong Kong dollars	1,300	2,067	(65,040)	(56,143)
Japanese yen	10,783	18,580	(45,156)	(61,756)
Chinese renminbi	5,257	3,766	(1,211)	(1,221)
New Taiwan dollars	27	30	—	—
Korean won	3	4	—	—
Euro	1,556	4	(443)	(339)
Singapore dollars	642	681	—	—

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT – *continued*

(b) Financial risk management policies and objectives – *continued*

(i) Foreign exchange risk management – *continued*

	COMPANY			
	Assets		Liabilities	
	March 31, 2011 HK$'000	March 31, 2010 HK$'000	March 31, 2011 HK$'000	March 31, 2010 HK$'000
Singapore dollars	520	667	—	—

Companies in the Group use forward contracts to hedge their exposure to foreign currency risk in the local reporting currency. Further details on the forward exchange derivative instruments are found in Note 11.

Foreign currency sensitivity

The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they gave rise to an impact on the Group's profit or loss.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT – *continued*

(b) Financial risk management policies and objectives – *continued*

(i) Foreign exchange risk management – continued

Foreign currency sensitivity – continued

If the relevant foreign currency weakens by 5% against the functional currency of each Group entity, profit for the year will increase (decrease) by:

	GROUP		COMPANY	
	March 31, 2011 HK$'000	March 31, 2010 HK$'000	2011 HK$'000	2010 HK$'000
United States dollars [a]	7,338	6,614	—	—
Hong Kong dollars [a]	3,243	2,798	—	—
Japanese yen [b]	1,719	2,159	—	—
Chinese renminbi [c]	(202)	(127)	—	—
New Taiwan dollars	(1)	(2)	—	—
Euro	(56)	17	—	—
Singapore dollars	(32)	(34)	(26)	(33)

If the relevant foreign currency strengthens by 5% against the functional currencies of each Group entity, there would be an equal and opposite impact on the profit before income tax.

Notes:

(a) This is mainly attributable to the exposure on bank balances, trade receivables and payables as at year end. Since the Hong Kong dollar remains closely pegged to United States dollar, the sensitivity analysis excludes the group entities with functional currencies denominated in Hong Kong dollar or United States dollar.

(b) This is mainly attributable to the exposure on bank balances and trade payables denominated in Japanese yen as at end of the reporting period.

(c) This is mainly attributable to the exposure on trade receivables denominated in Chinese renminbi as at end of the reporting period.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT – *continued*

(b) Financial risk management policies and objectives – *continued*

(ii) Interest rate risk management

Interest rate risk arises from the potential changes in interest rates that may have adverse effects on the Group's results. The interest rates and terms of repayment of the trust receipt loans and long-term borrowings of the Group are disclosed in Notes 20 and 23 respectively.

Companies in the Group use interest swap contracts to hedge their exposure to interest rate risk. Further details on the interest rate swap derivative instruments are found in Note 11.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate bank borrowings at the end of the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit for the year ended March 31, 2011 would decrease or increase by HK$3,880,000 (2010 : decrease or increase by HK$3,292,000).

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The management has a credit policy in place and exposure of credit risk is monitored on an ongoing basis.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 5% of gross monetary assets at any time during the year. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Further details of credit risks on trade receivables are disclosed in Note 8.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT – *continued*

(b) Financial risk management policies and objectives – *continued*

(iv) Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations due to shortage of funds. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of committed credit facilities.

The Group manages liquidity risk by maintaining sufficient cash and the availability of adequate banking facilities to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Liquidity and interest risk analyses

Non-derivative financial liabilities

Non-derivative financial liabilities of the Company are due and payable within 12 months from the year end date. The following tables detail the remaining contractual maturity for non-derivative financial liabilities for the Group. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans and trust receipt loans with a repayable on demand clause are included in the earliest time band regardless of the probability of banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT – *continued*

(b) Financial risk management policies and objectives – *continued*

(iv) Liquidity risk management – continued

Liquidity and interest risk analyses – continued

Non-derivative financial liabilities – *continued*

	Weighted average effective interest rate	Undiscounted cash flows: On demand or less than 3 months	3 to 6 months	6 months to 1 year	Over 1 year	Adjustment	Total at amortised cost
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
GROUP							
March 31, 2011							
Trade payables							
– non-interest bearing		373,918	—	—	—	—	373,918
Other payables							
– non-interest bearing		1,281	—	—	—	—	1,281
Amounts due to jointly controlled entities							
– non-interest bearing		8,670	—	—	—	—	8,670
Trust receipt loans							
– variable interest rate	1.48	639,628	—	—	—	—	639,628
Bank borrowings							
– variable interest rates	3.11	66,863	5,377	10,657	56,321	(2,769)	136,449
		1,090,360	5,377	10,657	56,321	(2,769)	1,159,946

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT – *continued*

(b) Financial risk management policies and objectives – *continued*

(iv) Liquidity risk management – continued

Liquidity and interest risk analyses – continued

Non-derivative financial liabilities – *continued*

	Weighted average effective interest rate	Undiscounted cash flows: On demand or less than 3 months	3 to 6 months	6 months to 1 year	Over 1 year	Adjustment	Total at amortised cost
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
March 31, 2010 (Restated)							
Trade payables							
– non-interest bearing		396,130	—	—	—	—	396,130
Other payables							
– non-interest bearing		790	—	—	—	—	790
Amounts due to jointly controlled entities							
– non-interest bearing		8,656	—	—	—	—	8,656
Trust receipt loans							
– variable interest rate	1.68	544,459	—	—	—	—	544,459
Bank borrowings							
– variable interest rates	2.33	102,589	5,793	5,754	—	(234)	113,902
		1,052,624	5,793	5,754	—	(234)	1,063,937

Bank borrowings with a repayable on demand clause included in the "On demand or less than 3 months" time band in the above maturity analysis. Taking into account the Group's financial position, the managements does not believe that the banks will exercise their discretionary rights to demand immediate repayment. Management believes that the long-term portion of such bank loans will be repaid one year after the reporting date in accordance with the scheduled repayment dates set out in the loan agreement.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT – *continued*

(b) Financial risk management policies and objectives – *continued*

(iv) Liquidity risk management – continued

Liquidity and interest risk analyses – continued

Non-derivative financial assets

The Group's and the Company's financial liabilities are to be met by the maturity of financial assets that more than sufficiently cover all arising liabilities.

Derivative financial instruments

The Group's derivative financial instruments comprise of forward foreign exchange contracts with fair value asset amounting to HK$31,000 (2010 : HK$44,000) of HK$28,000 (2010 : HK$NIL) contracted cash inflows due within one year and HK$3,000 (2010: HK$44,000) contracted cash inflows due over one year, and fair value liabilities amounting to HK$146,000 (2010: HK$4,441,000) of contracted cash flows due within one year, and interest rate swap contracts with fair value liabilities amounting to HK$3,009,000 (2010: HK$2,526,000) contracted cash flows due over one year.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT – *continued*

(b) Financial risk management policies and objectives – *continued*

(v) Fair value of financial assets and financial liabilities

The fair values of financial assets and financial liabilities are determined as follows:

The carrying amounts of cash and cash equivalents, short-term bank deposit, trade and other current receivables and payables, trust receipt loans and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

- the fair value of financial assets and financial liabilities (excluding derivative instruments and unquoted investments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions for similar instruments; and
- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Derivative financial instruments are grouped into Level 2. They comprise interest rate swap contracts and forward foreign currency contracts (Note 11). During the year ended March 31, 2011, there had been no transfer among different levels.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT – *continued*

(c) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in Notes 20 and 23, offset by cash and cash equivalents, short-term bank deposit and equity attributable to owners of the Company, comprising issued capital, reserves and accumulated profits as disclosed in the notes to financial statements. The Group is required to maintain a maximum gearing ratio, debt-to-equity ratio, a minimum current ratio, interest coverage ratio and consolidated tangible net worth in order to comply with bank covenants in loan agreements with banks.

The management reviews the capital structure on an ongoing basis. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged from prior year.

5. RELATED COMPANY TRANSACTIONS

Some of the Company's transactions and arrangements are between members of the Group and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, repayable on demand and interest-free unless stated otherwise.

Transactions between the Company and its subsidiaries, which are related companies of the Company, have been eliminated on consolidation and are not disclosed in this note.

6. OTHER RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

The balances are unsecured, interest free and repayable on demand unless otherwise stated.

During the year, the Group has the following balances with related parties:

	Amounts due (to) from related parties	
	March 31, 2011 HK$'000	March 31, 2010 HK$'000
Expenses paid on behalf of jointly controlled entities	—	14
Advance from jointly controlled entities	(8,670)	(8,670)
	(8,670)	(8,656)

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	GROUP	
	March 31, 2011 HK$'000	March 31, 2010 HK$'000
Short-term benefits	18,948	15,513
Post-employment benefits	881	805
Other long-term benefits	2,900	1,848
Share-based payments	474	235
	23,203	18,401

The remuneration of directors and key management is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

7. CASH AND CASH EQUIVALENTS AND SHORT-TERM BANK DEPOSIT

	GROUP		COMPANY	
	March 31, 2011 HK$'000	March 31, 2010 HK$'000	March 31, 2011 HK$'000	March 31, 2010 HK$'000
Cash at bank	379,382	296,051	965	964
Term deposits	39,977	113,517	—	—
Cash on hand	614	482	—	—
	419,973	410,050	965	964
Analysed as:				
Cash and cash equivalents [(a)]	417,068	410,050	965	964
Short-term bank deposit [(b)]	2,905	—	—	—
	419,973	410,050	965	964

Notes:

(a) Cash and cash equivalents comprise cash held by the Group of HK$379,996,000 (2010 : HK$296,533,000) and short-term bank deposits with an original maturity of three months or less of HK$37,072,000 (2010 : HK$113,517,000). The carrying amounts of these assets approximate their fair values. The short-term deposits bear average effective interest of 0.34% (2010 : 0.08%) per annum and for tenure from 7 days to 89 days (2010: 7 days to 14 days).

(b) As at March 31, 2011, the short-term bank deposit bear average effective interest of 2.2% and for tenure of 181 days.

7. CASH AND CASH EQUIVALENTS AND SHORT-TERM BANK DEPOSIT – *continued*

The Group's and the Company's cash and cash equivalents and short-term bank deposit that are not denominated in the functional currencies of the respective entities are as follows:

	GROUP		COMPANY	
	March 31, 2011 HK$'000	March 31, 2010 HK$'000	March 31, 2011 HK$'000	March 31, 2010 HK$'000
United States dollars	297,093	328,944	—	—
Hong Kong dollars	65	30	—	—
Japanese yen	4,024	6,295	—	—
Chinese renminbi	2,339	1,654	—	—
Other currencies	1,714	720	520	667

8. TRADE AND BILLS RECEIVABLES

	GROUP	
	March 31, 2011 HK$'000	March 31, 2010 HK$'000
Trade receivables	637,674	567,133
Less: allowance for doubtful debts	(45,252)	(37,665)
Net	592,422	529,468
Bills receivable	19,141	10,056
	611,563	539,524

The average credit period on sales of goods is 60 days (2010 : 60 days).

Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. 84% (2010 : 83%) of the trade receivables that are neither past due nor impaired have the best credit scoring attributable under the external credit scoring system used by the Group. There are no customers who represent more than 5% of the total balance of trade receivables.

8. TRADE AND BILLS RECEIVABLES – *continued*

Included in the Group's trade receivable balance are debtors with a carrying amount of HK$57,021,000 (2010 : HK$58,654,000) which are past due at the reporting date for which the Group has not provided for impairment loss as management believes that these trade receivables are with creditworthy counterparties. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired:
(classified based on invoice date)

	GROUP	
	March 31, 2011 HK$'000	March 31, 2010 HK$'000
Less than 90 days	56,351	51,247
91 to 180 days	670	7,407
	57,021	58,654

The Group determines whether the trade receivables balances were impaired based on objective evidence of impairment loss. In determining whether receivable balances past due have been impaired or not, the Group takes into consideration the estimated future cash inflows from such balances as determined by its experience with, and where appropriate, discussions with, its customers.

8. TRADE AND BILLS RECEIVABLES – *continued*

Movement in the allowance for doubtful debts

	GROUP	
	March 31, 2011 HK$'000	March 31, 2010 HK$'000
Balance at beginning of the year	37,665	46,519
Impairment losses recognised on receivables	10,081	8,246
Amounts written off as uncollectible	(3,324)	(17,474)
Currency realignment	830	374
Balance at end of the year	45,252	37,665

The Group's trade and bills receivables that are not denominated in the functional currencies of the respective entities are as follows:

	GROUP	
	March 31, 2011 HK$'000	March 31, 2010 HK$'000
United States dollars	362,752	306,674
Japanese yen	6,760	12,272
Euro	506	—
Other currencies	102	131

9. OTHER RECEIVABLES AND PREPAYMENTS

	GROUP		COMPANY	
	March 31, 2011 HK$'000	March 31, 2010 HK$'000	March 31, 2011 HK$'000	March 31, 2010 HK$'000
Due from subsidiaries (Note 18)	—	—	182,054	162,049
Deposits	7,908	17,922	10	—
Prepayments	3,696	1,278	162	75
Others	2,393	1,225	—	—
	13,997	20,425	182,226	162,124

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

The Group's and Company's other receivables that are not denominated in the functional currencies of the respective entities are as follows:

	GROUP		COMPANY	
	March 31, 2011 HK$'000	March 31, 2010 HK$'000	March 31, 2011 HK$'000	March 31, 2010 HK$'000
United States dollars	1,653	12,436	23	23
Chinese renminbi	2,098	1,375	—	—
Singapore dollars	146	51	139	52

10. PREPAID LEASE PAYMENTS

	GROUP		
	March 31, 2011 HK$'000	March 31, 2010 HK$'000 (Restated)	April 1, 2009 HK$'000 (Restated)
Cost:			
At beginning of year (restated) and end of year	764	764	764
Released to profit or loss:			
At beginning of year (restated)	96	84	72
Released to profit or loss during the year	12	12	12
At end of year	108	96	84
Carrying amount:			
At end of year	656	668	680
At beginning of year (restated)	668	680	692
Represented by:			
Current portion	12	12	12
Non-current portion	644	656	668
Total	656	668	680

This represents land use rights for 1 plot of land with lease term of 62 years.

11. DERIVATIVE FINANCIAL INSTRUMENTS

GROUP

	March 31, 2011		March 31, 2010	
	Assets HK$'000	Liabilities HK$'000	Assets HK$'000	Liabilities HK$'000
Forward foreign exchange contracts	31	(146)	44	(4,441)
Interest rate swaps	—	(3,009)	—	(2,526)
	31	(3,155)	44	(6,967)
Analysed as:				
Current	28	(146)	—	(4,441)
Non-current	3	(3,009)	44	(2,526)
	31	(3,155)	44	(6,967)

Forward foreign exchange contracts

At the end of the reporting period, the total notional amount of outstanding forward foreign exchange contracts to which the Group is committed to buy are as follows:

	GROUP	
	March 31, 2011 HK$'000	March 31, 2010 HK$'000
Forward foreign exchange contracts	402,028	988,331

11. DERIVATIVE FINANCIAL INSTRUMENTS – *continued*

Forward foreign exchange contracts – *continued*

The following table details the forward foreign currency contracts outstanding as at the end of the reporting period:

Outstanding contracts	Average exchange rate		Foreign currency		Contract value		Fair value	
	March 31, 2011	March 31, 2010	March 31, 2011 '000	March 31, 2010 '000	March 31, 2011 HK$'000	March 31, 2010 HK$'000	March 31, 2011 HK$'000	March 31, 2010 HK$'000
Buy YEN and sell HKD Less than 3 months	YEN 1/ HK$0.0948	YEN 1/ HK$0.0868	200,000	700,000	18,954	60,760	(146)	(1,247)
Buy HKD and sell USD Less than 3 months	US$ 1/ HK$7.743	—	7,500	—	58,072	—	28	—
Buy YEN and sell USD 3 to 6 months	—	US$ 1/ YEN 93.6	—	468,000	—	39,000	—	(886)
Buy YEN and sell USD 6 months to 1 year	—	US$ 1/ YEN 99.5	—	2,189,000	—	171,600	—	(2,308)
Buy CNY and sell USD Over 1 year	US$ 1/ CNY 6.78	—	2,400	—	18,696	—	3	—
Buy HKD and sell USD Over 1 year	—	US$ 1/ HK$7.7252	—	13,500	—	104,359	—	44
							(115)	(4,397)

11. DERIVATIVE FINANCIAL INSTRUMENTS – *continued*

Interest rate swaps

The Group had entered into a 5-year periodic knock out interest rate swap. According to this swap, the Group can receive a fixed subsidy of 0.1% interest income on a notional amount of HK$50,000,000 for the first 2 years on a quarterly basis. While for the third year to fifth year, the Group has to pay an interest expense at 3.62% on the notional amount on a quarterly basis if the 3-month HIBOR rate is equal or below 7% at the settlement date while receiving an interest income of 3-month HIBOR rate. This swap has remaining 14 quarterly settlements with maturity on July 28, 2014.

Moreover, the Group had also entered into a USD/HKD performance swap. According to this swap, the Group can receive an interest income of 3-month HIBOR plus 1% for a notional amount of HK$15,000,000 for 3 years on a quarterly basis while it has the obligation to pay an interest expense of 3-month HIBOR cap at 2.5%. In addition, the Group may have an obligation to buy HKD and sell USD depending on the USD/HKD fixing on each observation date for 24 months. If the monthly USD/HKD fixing is below the stipulated strike rate of US$1/HK$7.735, a contingent USD/HKD forward contract will take place as in the Group's obligation to sell USD for a notional amount of US$3,300,000 at the strike rate of 7.735 for the respective month. This swap has remaining 8 monthly settlements with maturity on March 1, 2012.

The above derivatives are measured at fair value at the end of each reporting period. Their fair values are determined based on the quoted market prices for equivalent instruments at the end of the reporting period. Gain on the fair value changes of derivative financial instruments amounting to approximately HK$3,799,000 (2010 : loss of HK$6,927,000, recognised as part of administrative expenses) have been recognised in profit or loss as part of other operating income during the year.

The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

12. INVENTORIES

	GROUP	
	March 31, 2011 HK$'000	March 31, 2010 HK$'000
Finished goods held for resale	497,209	486,517
Less: Allowance for inventories	(20,761)	(17,678)
	476,448	468,839

Movement in the allowance for inventories

	GROUP	
	March 31, 2011 HK$'000	March 31, 2010 HK$'000
Balance at beginning of the year	17,678	61,792
Increase in allowance recognised in profit or loss	12,131	—
Reversal of allowance recognised in profit or loss	—	(7,837)
Amounts written off during the year	(9,287)	(36,345)
Currency realignment	239	68
Balance at end of the year	20,761	17,678

The allowance recognised in profit or loss was in respect of write-downs of inventories to net realisable value.

In 2010, due to an increase in the demand for certain goods, the Group reversed HK$7,837,000, being part of an inventory write-down made in prior years, to the profit or loss. The reversal was included in "Cost of sales".

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Motor vehicles HK$'000	Plant and equipment HK$'000	Furniture and fixtures HK$'000	Total HK$'000
GROUP					
Cost:					
At April 1, 2009 (restated)	74,013	3,969	2,084	46,489	126,555
Exchange difference	308	1	4	71	384
Additions	1,626	—	97	8,099	9,822
Disposals	—	—	(8)	(2,690)	(2,698)
At March 31, 2010 (restated)	75,947	3,970	2,177	51,969	134,063
Exchange difference	2,325	10	8	555	2,898
Additions	79,148	707	566	9,475	89,896
Disposals	—	—	(326)	(1,233)	(1,559)
At March 31, 2011	157,420	4,687	2,425	60,766	225,298
Accumulated depreciation:					
At April 1, 2009 (restated)	7,080	2,155	1,293	26,695	37,223
Exchange difference	6	1	3	54	64
Depreciation for the year (restated)	1,143	1,263	572	13,286	16,264
Disposals	—	—	(8)	(2,161)	(2,169)
At March 31, 2010 (restated)	8,229	3,419	1,860	37,874	51,382
Exchange difference	100	11	3	327	441
Depreciation for the year	2,213	403	170	5,842	8,628
Disposals	—	—	(313)	(1,220)	(1,533)
At March 31, 2011	10,542	3,833	1,720	42,823	58,918
Carrying amount:					
At March 31, 2011	146,878	854	705	17,943	166,380
At March 31, 2010 (restated)	67,718	551	317	14,095	82,681
At April 1, 2009 (restated)	66,933	1,814	791	19,794	89,332

13. PROPERTY, PLANT AND EQUIPMENT – *continued*

Details of the leasehold properties held by the Group as at March 31, 2011 are set out below:

Description and location	Gross area (sq.ft.)	Tenure	Use
24/F and parking space Nos. P16 and P23 on 2/F of Wyler Centre Phase 2 200 Tai Lin Pai Road, Kwai Chung New Territories, Hong Kong	25,618	99 years commencing from July 1, 1898 [(a)]	Office and car park
Parking space No. 42 on 2/F of Wyler Centre Phase 2, 200 Tai Lin Pai Road Kwai Chung, New Territories, Hong Kong	N.A.	99 years commencing from July 1, 1898 [(a)]	Car park
Portion of Unit H, Level 6 and car parking space No.108, Maple Court, Shang-Mira Garden, Hongqiao Road, Shanghai, the People's Republic of China ("PRC")	1,408	60 years commencing from July 19, 2002	Residential and car park
14/F Jinyun Century Building, 6033 Shennan Main Road, Futian District, Shenzhen, PRC	18,542	50 years commencing from February 28, 1997	Office
33/F International Corporate City, 3000 North Zhongshan Road, Putuo District, Shanghai, PRC [(b)]	19,108	50 years commencing from July 30, 2004	Office

Notes:

(a) Pursuant to the Sino-British Joint Declaration, the term of the Crown lease was extended to June 30, 2047.

(b) This property of carrying amount of HK$78,845,000 (2010 : HK$NIL) has been pledged to secure bank borrowings granted to the Group.

14. LONG-TERM DEPOSITS

	GROUP	
	March 31, 2011 HK$'000	March 31, 2010 HK$'000
Deposit for purchasing a leasehold property	—	2,176
Refundable security deposits	329	1,410
	329	3,586

Refundable security deposits are mainly deposits placed with the landlords.

The Group's long-term deposits that are not denominated in the functional currencies of the respective entities are as follows:

	GROUP	
	March 31, 2011 HK$'000	March 31, 2010 HK$'000
Chinese renminbi	111	80

15. GOODWILL

	GROUP	
	March 31, 2011 HK$'000	March 31, 2010 HK$'000
Cost:		
At beginning of year and end of year	8,142	8,142
Accumulated impairment:		
At beginning of year	8,142	8,142
Impairment loss	—	—
At end of year	8,142	8,142
Carrying amount:		
At end of year	—	—
At beginning of year	—	—

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. Goodwill of HK$8,142,000 has been allocated to ValenceTech Limited and its subsidiaries as a single CGU.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the CGU is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to the selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on industry growth forecasts, changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

16. AVAILABLE-FOR-SALE INVESTMENTS

	GROUP	
	March 31, 2011 HK$'000	March 31, 2010 HK$'000
Unquoted equity shares, at cost	16,448	16,448
Less: Impairment on investment	(16,448)	(16,448)
	—	—
Club debentures, at cost	2,001	2,001
	2,001	2,001

Movement for impairment provision

	GROUP	
	March 31, 2011 HK$'000	March 31, 2010 HK$'000
Balance at beginning and end of the year	16,448	16,448

The impairment of the investments is determined based on the basis set out in Note 3.

The Group's available-for-sale investments that are not denominated in the functional currencies of the respective entities are as follows:

	GROUP	
	March 31, 2011 HK$'000	March 31, 2010 HK$'000
Chinese renminbi	1,191	1,191

17. OTHER INTANGIBLE ASSETS

	Contract-based workforce HK$'000	Customer relationship and network HK$'000	Proprietary technology HK$'000	Capitalised development cost HK$'000	Total HK$'000
GROUP					
Cost:					
April 1, 2009, March 31, 2010 and March 31, 2011	2,769	5,002	7,594	2,016	17,381
Accumulated amortisation and impairment:					
April 1, 2009, March 31, 2010 and March 31, 2011	2,769	5,002	7,594	2,016	17,381
Carrying amount:					
At April 1, 2009 At March 31, 2010 and At March 31, 2011	—	—	—	—	—

The intangible assets included above have finite useful lives, over which the assets are amortised, using the straight-line method, on the following bases:

Contract-based workforce	3 years or shorter of contract terms
Customer relationship and network	5 years
Proprietary technology	5 years
Capitalised development cost	3 years

18. SUBSIDIARIES

	COMPANY	
	March 31, 2011 HK$'000	March 31, 2010 HK$'000
Unquoted equity shares, at cost	117,470	117,470

Details of the subsidiaries are as follows:

Name of subsidiary	Place of incorporation and operation	Proportion of ownership and voting power held by the Company Directly		Indirectly		Principal activities	Cost of investment	
		2011 %	2010 %	2011 %	2010 %		2011 HK$'000	2010 HK$'000
Cleverway Profits Limited [(a)]	British Virgin Islands ("BVI")/ Hong Kong	100	100	—	—	Investment holding	117,470	117,470
Aries Tech Hong Kong Limited [(a), (b)]	Hong Kong	—	—	90	90	Investment holding	—	—
Aries Tech Singapore Private Limited [(c), (j)]	Republic of Singapore	—	—	—	90	Dissolved	—	—
Array Electronics (China) Limited [(a), (b)]	Hong Kong/PRC	—	—	100	100	Trading of electronic components	—	—
Array Electronics Limited [(a), (b)]	Hong Kong	—	—	100	100	Inactive	—	—
ASP Microelectronics Limited [(a), (i)]	Hong Kong	—	—	60	60	Inactive	—	—
Bestime Corporation Limited [(a), (b)]	Hong Kong	—	—	100	100	Investment holding	—	—
Brightway Transportation Limited [(a), (b)]	Hong Kong	—	—	100	100	Provision of transportation services	—	—
Elite Vantage Limited [(a), (b)]	Hong Kong	—	—	100	100	Trading of electronic components	—	—

18. SUBSIDIARIES – *continued*

Name of subsidiary	Place of incorporation and operation	Proportion of ownership and voting power held by the Company Directly 2011 %	Directly 2010 %	Indirectly 2011 %	Indirectly 2010 %	Principal activities	Cost of investment 2011 HK$'000	Cost of investment 2010 HK$'000
Full Link Investment Limited [(a), (b)]	Hong Kong	–	–	100	100	Investment holding	–	–
Joy Port Limited [(a), (e)]	Hong Kong	–	–	100	100	Property holding	–	–
Kind Faith Limited [(a), (b)]	Hong Kong	–	–	100	100	Investment holding	–	–
Kinghill (Hong Kong) Limited [(a), (f)]	Hong Kong	–	–	100	100	Inactive	–	–
LEC Electronic Components Limited [(a), (i)]	Hong Kong	–	–	60	60	Inactive	–	–
Noblehigh Enterprises Inc. [(a), (g)]	BVI/Hong Kong	–	–	60	60	Investment holding	–	–
Pinerise Limited [(a), (b)]	BVI/PRC	–	–	100	100	Investment holding	–	–
Starling Pacific Limited [(a), (b)]	BVI/Hong Kong	–	–	100	100	Investment holding	–	–
Valence Semiconductor Design Limited [(a), (i)]	Hong Kong	–	–	60	60	Design and trading of application specific standard products	–	–
Valence Technology Limited [(a), (i)]	Hong Kong	–	–	60	60	Provision of corporate management services	–	–
ValenceTech Limited [(a), (h)]	Bermuda/Hong Kong	–	–	60	60	Investment holding	–	–
Willas Company Limited [(a), (b)]	Hong Kong	–	–	100	100	Inactive	–	–
Willas-Array (Korea) Hong Kong Limited [(a), (b)]	Hong Kong	–	–	100	100	Investment holding	–	–
Willas-Array (Korea) Singapore Private Limited [(f), (j)]	Republic of Singapore	–	–	100	100	Inactive	–	–
Willas-Array E-Business Limited [(a), (b)]	Hong Kong	–	–	100	100	Inactive	–	–
Willas-Array Electronics (Hong Kong) Limited [(a), (b)]	Hong Kong	–	–	100	100	Trading of electronic components	–	–

18. SUBSIDIARIES – *continued*

Name of subsidiary	Place of incorporation and operation	Proportion of ownership and voting power held by the Company Directly		Indirectly		Principal activities	Cost of investment	
		2011 %	2010 %	2011 %	2010 %		2011 HK$'000	2010 HK$'000
Willas-Array Electronics (Shanghai) Limited [(a), (e)]	PRC	–	–	100	100	Trading of electronic components	–	–
Willas-Array Electronics (Shenzhen) Limited [(a), (d)]	PRC	–	–	100	100	Trading of electronic components	–	–
Willas-Array Electronics (Taiwan) Inc. [(a), (b)]	Taiwan/PRC	–	–	100	100	Trading of electronic components	–	–
Willas-Array Electronics Management Limited [(a), (b)]	Hong Kong	–	–	100	100	Provision of management and consultancy services	–	–
Willas-Array Investments Limited [(a), (b)]	Hong Kong	–	–	100	100	Investment holding	–	–
Willas-Array Singapore (Private) Limited [(b), (j)]	Republic of Singapore	–	–	100	100	Trading of electronic components	–	–
							117,470	117,470

Notes:

(a) Audited by overseas practices of Deloitte Touche Tohmatsu

(b) Subsidiaries directly held by Cleverway Profits Limited

(c) Subsidiaries directly held by Aries Tech Hong Kong Limited

(d) Subsidiary of Full Link Investment Limited

(e) Subsidiaries directly held by Kind Faith Limited

(f) Subsidiaries directly held by Willas-Array (Korea) Hong Kong Limited

(g) Subsidiary of Willas-Array Investments Limited

(h) Subsidiary of Noblehigh Enterprises Inc.

(i) Subsidiaries directly held by ValenceTech Limited

(j) Audited by a local practice in Singapore

19. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	GROUP	
	March 31, 2011 HK$'000	March 31, 2010 HK$'000
Cost of interest in jointly controlled entities	10,000	10,000
Share of post-acquisition reserves:		
Post acquisition losses	(1,227)	(1,205)
	8,773	8,795

As at March 31, 2011, the Group had interests in the following significant jointly controlled entities:

Name of entity	Form of business structure	Place of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital held by the Group		Proportion of voting power held		Principal activity
					March 31, 2011 %	March 31, 2010 %	March 31, 2011 %	March 31, 2010 %	
SAWA Electronics (Holdings) Limited [(a)]	Incorporated	Hong Kong	Hong Kong	Ordinary	50	50	50	50	Investment holding
SAWA Electronics (Hong Kong) Limited [(a), (b)]	Incorporated	Hong Kong	Hong Kong	Ordinary	50	50	50	50	Trading of electronic components

Notes:

(a) Audited by overseas practices of Deloitte Touche Tohmatsu

(b) The company has been voluntarily wound up in April 2011

19. INTERESTS IN JOINTLY CONTROLLED ENTITIES – *continued*

The summarised financial information in respect of the Group's share of its interests in jointly controlled entities is set out below:

	GROUP	
	March 31, 2011 HK$'000	March 31, 2010 HK$'000
Total assets	17,559	17,628
Total liabilities	(12)	(38)
Net assets	17,547	17,590
Group's share of jointly controlled entities' net assets	8,773	8,795
Revenue	—	109
Loss for the year	(44)	(396)
Group's share of jointly controlled entities' loss	(22)	(198)

20. TRUST RECEIPT LOANS

The trust receipt loans are unsecured, bear effective interest ranging from 1.12% to 2.08% (2010 : 1.05% to 2.54%) per annum and are repayable within one year from the end of the reporting period.

The Group's trust receipt loans that are not denominated in the functional currencies of the respective entities are as follows:

	GROUP	
	March 31, 2011 HK$'000	March 31, 2010 HK$'000
United States dollars	—	1,004

21. TRADE PAYABLES

	GROUP	
	March 31, 2011 HK$'000	March 31, 2010 HK$'000
Outside parties	359,356	367,951
Bills payable	14,562	28,179
	373,918	396,130

The average credit period on purchases of goods is 30 days (2010 : 30 days). Interest is charged at 2% (2010 : 2%) per month on any overdue trade payables.

Trade payables principally comprise amounts outstanding for trade purchases.

The Group's trade payables that are not denominated in the functional currencies of the respective entities are as follows:

	GROUP	
	March 31, 2011 HK$'000	March 31, 2010 HK$'000
United States dollars	323,409	330,455
Japanese yen	45,010	60,497
Euro	443	339

22. OTHER PAYABLES

	GROUP		COMPANY	
	March 31, 2011 HK$'000	March 31, 2010 HK$'000	March 31, 2011 HK$'000	March 31, 2010 HK$'000
Accrual for staff costs	31,182	26,742	—	—
Accrued expenses	10,501	8,024	2,019	782
Deposits from customers	6,882	5,705	—	—
Due to subsidiaries (Note 18)	—	—	6,330	4,941
Others	3,655	3,332	—	—
	52,220	43,803	8,349	5,723

Deposits from customers and amount due to subsidiaries are unsecured, interest free and repayable on demand.

The Group's and Company's other payables that are not denominated in the functional currencies of the respective entities are as follows:

	GROUP		COMPANY	
	March 31, 2011 HK$'000	March 31, 2010 HK$'000	March 31, 2011 HK$'000	March 31, 2010 HK$'000
United States dollars	6,387	3,573	—	—
Chinese renminbi	327	94	—	—
Other currencies	1,409	148	1,265	36

23. BANK BORROWINGS

	GROUP		
	March 31, 2011 HK$'000	March 31, 2010 HK$'000 (Restated)	April 1, 2009 HK$'000 (Restated)
Carrying amount of bank borrowing repayable:			
On demand or within one year	81,449	113,902	193,235
In the second year	26,000	—	—
In the third year to fifth year	29,000	—	—
	136,449	113,902	193,235
Less: Amounts due within one year shown under current liabilities	(81,449)	(113,902)	(193,235)
Non-current portion	55,000	—	—
Analysed as:			
Secured	33,049	—	—
Unsecured	103,400	113,902	193,235
	136,449	113,902	193,235

The unsecured bank borrowings bear effective interest rates ranging from 1.66% to 2.52% (March 31, 2010 : 1.62% to 3.45%, April 1, 2009 : 1.88% to 2.65%) per annum.

As at March 31, 2011, the secured bank borrowing is secured by a pledge of the Group's property located in Shanghai, PRC. The loan bear effective interest rate at 6.4% which is determined based on 10% mark up on the base rate issued by the People's Bank of China.

23. BANK BORROWINGS – *continued*

All borrowings are arranged at floating rates and thus exposing the Group to cash flow interest rate risk.

The bank borrowings are repayable over a period from 1 to 36 months (March 31, 2010 : 1 to 73 months, April 1, 2009 : 1 to 85 months).

The Group's borrowings are all denominated in the functional currencies of the respective entities.

Management estimate the fair value of the Group's borrowings, by discounting their future cash flows at the market rate, to approximate the carrying value.

Subsequent to the outcome of an International Financial Reporting Standards Interpretations Committee discussion in November 2010 regarding the classification of callable term loans, the Group has clarified the terms of certain loan facilities with the banks and considered that it would be more appropriate that those loans be classified as current. Accordingly, the Group has restated their borrowings for the prior periods.

24. DEFERRED TAX

The following are major deferred tax assets (liabilities) recognised and movements thereon during the year:

	Accelerated tax depreciation	Allowance and provision	Tax losses	Undistributable profits of subsidiaries	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
GROUP					
Balance at April 1, 2009	(3,803)	3,576	1,235	—	1,008
Credit (charge) to profit or loss	1,280	1,611	(1,235)	—	1,656
Balance at March 31, 2010	(2,523)	5,187	—	—	2,664
(Charge) credit to profit or loss	(180)	869	140	(2,114)	(1,285)
Balance at March 31, 2011	(2,703)	6,056	140	(2,114)	1,379

24. DEFERRED TAX – *continued*

For the purposes of statement of financial position presentation, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for statement of financial position purposes:

	March 31, 2011 HK$'000	March 31, 2010 HK$'000
Deferred tax assets	3,512	2,664
Deferred tax liabilities	(2,133)	—
	1,379	2,664

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has unutilised tax losses of HK$18,120,000 (2010 : HK$15,387,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$848,000 (2010 : HK$NIL) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$17,272,000 (2010 : HK$15,387,000) due to the unpredictability of future profit streams. Other losses may be carried forward indefinitely subject to the conditions imposed by law including the retention of majority shareholders as defined.

25. ISSUED CAPITAL

	GROUP AND COMPANY			
	2011	2010	2011	2010
	'000	'000	HK$'000	HK$'000
	Number of ordinary shares of HK$0.20 each			
Authorised				
At beginning and end of year	600,000	600,000	120,000	120,000
Issued and paid up:				
At beginning and end of year	310,000	310,000	62,000	62,000

As at March 31, 2011, employees held options over 31,771,000 ordinary shares of which 9,099,000 are unvested in aggregate. The number of options and their expiry dates are as follows:

Number of options	Expiry on
6,032,000	June 13, 2011
5,740,000	April 10, 2012
1,100,000	May 5, 2013
9,450,000	April 16, 2014
350,000	November 17, 2014
9,099,000	October 1, 2019
31,771,000	

25. ISSUED CAPITAL – *continued*

As at March 31, 2010, employees held options over 31,871,000 ordinary shares of which 9,099,000 are unvested in aggregate. The number of options and their expiry dates are as follows:

Number of options	Expiry on
6,032,000	June 13, 2011
5,740,000	April 10, 2012
1,100,000	May 5, 2013
9,550,000	April 16, 2014
350,000	November 17, 2014
9,099,000	October 1, 2019
31,871,000	

Share options granted under the employee share option plan carry no rights to dividends and no voting rights. Further details of the employee share option plan are contained in Note 27.

26. CAPITAL RESERVES

	GROUP AND COMPANY			
	Share premium HK$'000	Contributed surplus HK$'000	Share options reserve HK$'000	Total HK$'000
Balance at April 1, 2009	82,906	75,070	3,425	161,401
Recognition of share-based payment	—	—	327	327
Share options cancelled	—	—	(159)	(159)
Balance at March 31, 2010	82,906	75,070	3,593	161,569
Recognition of share-based payment	—	—	835	835
Share options cancelled	—	—	(31)	(31)
Balance at March 31, 2011	82,906	75,070	4,397	162,373

Contributed surplus represents the difference between the underlying net tangible assets of the subsidiaries which were acquired by the Company at the date of a group re-organisation in 2001 and the nominal amount of the shares issued by the Company under the re-organisation.

The share option reserve arises on the grant of share options to employees under the employee share option plan. Further information about share-based payments to employees is set in Note 27.

27. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company adopts the Willas-Array Electronics Employee Share Option Scheme I ("Scheme I") and the Willas-Array Electronics Employee Share Option Scheme II ("Scheme II") to grant share options to eligible employees, including the executive directors of the Company and its subsidiaries.

The options under Scheme I grant the right to the holder to subscribe for new ordinary shares of the Company at a price equal to that offered to the public at the initial public offering of the new ordinary shares of the Company, which is set at S$0.28 per ordinary share and the maximum number of shares in respect of which options might be granted under Scheme I was 25,000,000.

Under Scheme I, the period for the exercise of an option will commence, except in certain special circumstances, after the first anniversary of the date of grant and expiring on the tenth anniversary of such date of grant.

The options under Scheme II grant the right to the holder to subscribe for new ordinary shares of the Company at a discount to market price of the share (subject to a maximum discount of 20%) or at a price equal to the average of the closing prices of the shares on the SGX-ST on the five trading days immediately preceding the date of the grant of the option. The number of shares in respect of which options may be granted under Scheme II, when aggregate with those granted under any other share option schemes of the Company and the time being in force, shall not exceed 15% of the issued share capital of the Company on the date preceding the date of the relevant grant.

Under Scheme II, the period for the exercise of an option will commence, except in certain special circumstances, after the first anniversary of the date of grant and expiring on the tenth anniversary of such date of grant in the case of an option granted with the exercise price set at the market price; and after the second anniversary of the date of grant and expiring on the tenth anniversary of such date of grant in the case of an option granted with the exercise price set at a discount to the market price.

The above share option schemes are administered by a committee which has been authorised to determine the terms and conditions of the grant of the options.

Scheme I was terminated on July 2, 2001 upon admission of the Company to the Official List of the SGX-ST pursuant to the rules of the scheme and no further options would be granted by the Company under the scheme.

27. SHARE-BASED PAYMENTS – *continued*

Equity-settled share option scheme – *continued*

Details of the share options outstanding during the year are as follows:

	GROUP AND COMPANY			
	2011		2010	
	Number of share options	Weighted average exercise price S$	Number of share options	Weighted average exercise price S$
At the beginning of the year	31,871,000	0.17	23,976,000	0.20
Granted during the year	—	—	9,860,000	0.08
Cancelled during the year	(100,000)	0.18	(1,965,000)	0.15
At the end of the year	31,771,000	0.17	31,871,000	0.17
Exercisable at the end of the year	22,672,000		22,772,000	

The options outstanding at the end of the year have a weighted average remaining contractual life of 3.68 years (2010 : 4.68 years).

Fair values of the share options were calculated using The Black-Scholes option pricing model. The inputs into the model were as follows:

	ESOS II	ESOS II	ESOS II	ESOS II
Grant date	May 6, 2003	April 17, 2004	November 18, 2004	October 2, 2009
Average share price at valuation date	S$0.14	S$0.22	S$0.18	S$0.09
Average exercise price	S$0.11	S$0.18	S$0.145	S$0.08
Expected life	2	2	2	2
Expected volatility	62%	59%	55%	91%
Expected dividend yield	7.14%	5.42%	5.62%	8.67%
Discount rate	0.71%	1.08%	1.53%	0.436%
Fair values	S$0.05	S$0.07	S$0.06	S$0.04

Expected volatility was determined by calculating the historical volatility of the Company's share price from July 2001 to October 2009. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferrability, exercise restrictions and behavioural considerations.

28. REVENUE

	GROUP	
	2011 HK$'000	2010 HK$'000
Sales of goods	3,797,120	2,940,838

29. OTHER OPERATING INCOME

	GROUP	
	2011 HK$'000	2010 HK$'000
Interest income from bank deposits	1,314	619
Management fee income from outside parties	757	540
Foreign exchange gain	—	9,390
Net gain on fair value changes of derivative financial instruments	3,799	—
Release of exchange difference upon dissolution of overseas operations	—	2,263
PRC tax rebate	959	909
Others	738	1,553
	7,567	15,274

30. FINANCE COSTS

	GROUP	
	2011 HK$'000	2010 HK$'000
Interest expense on bank borrowings and trust receipt loans	13,531	9,968

31. INCOME TAX EXPENSE

	GROUP	
	2011 HK$'000	2010 HK$'000
The income tax charge comprises:		
Current tax		
Hong Kong	14,277	9,559
PRC Enterprise Income Tax	4,527	4,429
Other jurisdictions	1,655	—
Under (over) provision in prior year		
Hong Kong	(9)	(226)
PRC Enterprise Income Tax	97	(61)
Other jurisdictions	377	—
Deferred tax		
Current year	1,285	(1,656)
	22,209	12,045

31. INCOME TAX EXPENSE – *continued*

The income tax expense varies from the amount of income tax expense determined by applying the Hong Kong Profits Tax rate of 16.5% (2010 : 16.5%) to profit before income tax as a result of the following differences:

	GROUP	
	2011 HK$'000	2010 HK$'000
Profit before tax	110,044	83,521
Income tax expense at statutory rate	18,157	13,781
Tax effect of expenses not deductible, net of income not taxable	2,049	(2,132)
Under (over) provision in respect of prior year	465	(287)
Tax effect of deferred tax assets not recognised	257	320
Utilisation of deferred tax benefits previously not recognised	(1,858)	(1,003)
Effect of different tax rates of subsidiaries operating in other jurisdictions	1,714	1,228
Withholding income tax on dividend	2,114	—
Others	(689)	138
	22,209	12,045

The domestic tax rate (which is Hong Kong Profits Tax rate) in the jurisdiction where the operation of the Group is substantially based is used. Income taxes for overseas subsidiaries are calculated at the rates prevailing for the respective jurisdictions.

32. PROFIT FOR THE YEAR

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

	GROUP	
	2011 HK$'000	2010 HK$'000 (Restated)
Directors' fees:		
Directors of the Company	986	848
Directors' remuneration:		
Directors of the Company (Note)	12,645	10,652
Directors of the subsidiaries	3,405	3,197
Audit fees paid to auditors	2,090	2,017
Non-audit fees paid to auditors		
Auditors of the Company	—	—
Other auditors	250	242
Staff costs (excluding directors' remuneration)	130,059	105,811
Cost of defined contribution plans included in staff costs	10,605	8,686
Impairment losses recognised on receivables	10,081	8,246
Allowance for (reversal of) inventories	12,131	(7,837)
Amortisation of prepaid lease payment	12	12
Cost of inventories recognised as expenses	3,411,444	2,626,616
Depreciation of property, plant and equipment	8,628	16,264
Foreign exchange adjustment loss (gain) - net	1,765	(9,390)
Release of exchange loss (gain) upon dissolution of overseas operations	7	(2,263)
(Gain) loss on disposal of property, plant and equipment	(1)	475
Net (gain) loss on fair value changes of derivative financial instruments	(3,799)	6,927
Research and development expenses	21,341	20,101

Note: Included in the above directors' remuneration is approximately HK$NIL (2010 : HK$64,000) in respect of operating lease rentals paid to a discretionary trust, in which one of the directors of the Company is a beneficiary, for residential accommodation and a car parking space provided to that director.

33. EARNINGS PER SHARE

As described in Note 38, the Company completed a renounceable non-underwritten rights issue subsequent to the end of the reporting period but prior to the date the financial statements were authorised for issue. In accordance with IAS 33 *Earnings Per Share*, the earnings per share calculations for the financial years ended March 31, 2010 and 2011 are presented based on the new number of shares.

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

	2011	2010
Earnings	HK$'000	HK$'000
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	86,010	70,526

	2011	2010
Number of shares	'000	'000
Weighted average number of ordinary shares for the purposes of basic earnings per share:		
- Before restatement for rights issue	310,000	310,000
- Restated for rights issue	320,690	320,690
Effect of dilutive potential ordinary shares:		
- Before restatement for rights issue	5,303	1,219
- Restated for rights issue	5,486	1,261
Weighted average number of ordinary shares for the purposes of diluted earnings per share:		
- Before restatement for rights issue	315,303	311,219
- Restated for rights issue	326,176	321,951

34. DIVIDENDS

On August 18, 2010, a dividend of HK10.152 cents per share (total dividend of HK$31,471,000) was paid to shareholders.

In respect of the current year, the directors propose that a dividend of HK10.354 cents per share will be paid to shareholders on August 19, 2011. 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 8, 2011. The total estimated dividend to be paid is approximately HK$38,516,000.

35. CONTINGENT LIABILITIES

At March 31, 2011 and 2010, the Company had given unlimited 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$1,086,349,000 (2010 : HK$948,882,000) of which HK$790,639,000 (2010 : HK$686,540,000) was utilised and guaranteed by the Company.

At March 31, 2011 and 2010, the Company had also given guarantees to certain suppliers. The aggregate amounts payable to these suppliers under guarantee were approximately HK$165,082,000 (2010 : HK$196,132,000).

LEC Electronic Components Limited, a wholly owned subsidiary of ValenceTech Limited, has a pending litigation with its customer claiming for breach of agreement and damaging of its goodwill and profits. The case was brought forward from 2004 and has no further action from the customer for over 5 years. Management believe, based on the legal advice, that the likelihood of an unfavourable outcome is remote.

36. COMMITMENTS

At the end of the reporting period, the commitments of the Group are as follows:

(a) Operating lease commitments:

	GROUP	
	2011 HK$'000	2010 HK$'000
Minimum lease payments under operating leases included in the profit or loss	13,193	13,037

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2011 HK$'000	2010 HK$'000
Within one year	7,535	8,625
In the second to fifth year inclusive	1,615	5,541
	9,150	14,166

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of 2 years and rentals are fixed for an average of 2 years.

(b) Estimated capital expenditure commitments:

	GROUP	
	2011 HK$'000	2010 HK$'000
Estimated amounts committed for future capital expenditure but not provided in the financial statements	5,177	70,354

37. SEGMENT INFORMATION

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is more specifically focused on the sales efforts in the provision of services. The principal categories of services provided are trading of electronic components and trading and design of integrated circuit. The Group's reportable segments under IFRS 8 are therefore as follows:

Trading of electronic components

— Southern China

— Northern China

— Taiwan

— Others

Trading and design of integrated circuit

37. SEGMENT INFORMATION – *continued*

2011

	Trading of electronic components: Southern China HK$'000	Northern China HK$'000	Taiwan HK$'000	Others HK$'000	Sub-total HK$'000	Trading and design of integrated circuit HK$'000	Elimination HK$'000	Total HK$'000
Revenue								
Sales - external	2,526,349	1,159,348	73,221	—	3,758,918	38,202	—	3,797,120
Sales - inter-company	475,058	276,073	13,475	1,139	765,745	37,573	(803,318)	—
Net sales	3,001,407	1,435,421	86,696	1,139	4,524,663	75,775	(803,318)	3,797,120
Cost of sales	2,761,733	1,335,364	79,692	1,139	4,177,928	37,416	(803,900)	3,411,444
Gross profit	239,674	100,057	7,004	—	346,735	38,359	582	385,676
Segment result	88,536	23,457	(1,256)	(21)	110,716	4,629	582	115,927
Release of exchange difference upon dissolution of overseas operations								(7)
Unallocated other revenue								126
Unallocated corporate expenses								(5,980)
Share of loss of jointly controlled entities								(22)
Profit before income tax								110,044
Income tax								(22,209)
Profit for the year								87,835
Non-controlling interests								(1,825)
Profit attributable to owners of the Company								86,010

37. SEGMENT INFORMATION – *continued*

2010

	Trading of electronic components					Trading and design of integrated circuit		
	Southern China	Northern China	Taiwan	Others	Sub-total		Elimination	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue								
Sales - external	1,991,111	874,538	38,336	—	2,903,985	36,853	—	2,940,838
Sales - inter-company	404,513	271,960	892	1,164	678,529	27,082	(705,611)	—
Net sales	2,395,624	1,146,498	39,228	1,164	3,582,514	63,935	(705,611)	2,940,838
Cost of sales	2,212,533	1,050,421	36,461	1,174	3,300,589	31,998	(705,971)	2,626,616
Gross profit	183,091	96,077	2,767	(10)	281,925	31,937	360	314,222
Segment result	39,057	43,763	(2,814)	(113)	79,893	2,138	360	82,391
Release of exchange difference upon dissolution of overseas operations								2,263
Unallocated other revenue								2,740
Unallocated corporate expenses								(3,675)
Share of loss of jointly controlled entities								(198)
Profit before income tax								83,521
Income tax								(12,045)
Profit for the year								71,476
Non-controlling interests								(950)
Profit attributable to owners of the Company								70,526

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

37. SEGMENT INFORMATION – *continued*

Information about major customers

No single external customer amounts to more than 10% of the Group's revenue for the financial year ended March 31, 2011 and March 31, 2010.

38. EVENT AFTER THE REPORTING PERIOD

In April 2011, the Company allotted and issued 62,000,000 ordinary shares for cash as a result of a renounceable non-underwritten rights issue on the basis of one rights share for every five shares held by entitled shareholders.

INTERESTED PERSON TRANSACTIONS

(Listing Manual Rule 907)

The Group has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee and that the transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders. For financial year ended March 31, 2011, there were no interested person transactions.

SHAREHOLDERS' INFORMATION

SHAREHOLDERS' INFORMATION AS AT JUNE 16, 2011

Authorised share capital	:	HK$120,000,000
Issued share capital	:	HK$74,472,000
Number of shares	:	372,360,000
Class of shares	:	ordinary shares of HK$0.20
Voting rights	:	one vote per share

Based on information available to the Company as at June 16, 2011, approximately 57.18% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

SHAREHOLDINGS DISTRIBUTION SCHEDULE

Size of Shareholdings	No. of Shareholders	Percentage	No. of Shares Held	Percentage
1 - 999	15	0.83%	135	0.00%
1,000 - 10,000	584	32.43%	3,108,000	0.83%
10,001 - 1,000,000	1,180	65.52%	90,398,675	24.28%
1,000,001 and above	22	1.22%	278,853,190	74.89%
	1,801	100%	372,360,000	100%

SHAREHOLDERS' INFORMATION

SUBSTANTIAL SHAREHOLDERS

As shown in the Register of Substantial Shareholders

	Name of Shareholders	No of Shares Direct Interest	 Deemed Interest
1	Global Success International Limited	39,477,771	—
2	Max Power Assets Limited (i)	29,354,100	61,145,054
3	Optimist Profits Limited	—	25,801,194
4	Cheng Wai Yin, Susana (ii)	3,659,700	90,499,154
5	Leung Chun Wah (iii)	—	94,158,854
6	Kwok Chan Cheung (iv)	—	39,477,771
7	Hung Yuk Choy (v)	—	25,801,194
8	Lee Woon Nin (vi)	—	90,499,154
9	HSBC International Trustee Limited (vii)	—	90,499,154
10	The Bank of Bermuda Limited (viii)	—	90,499,154
11	HSBC Asia Holdings BV (viii)	—	90,499,154
12	HSBC Asia Holdings (UK) Limited (viii)	—	90,499,154
13	HSBC Holdings BV (viii)	—	90,499,154
14	HSBC Finance (Netherlands) (viii)	—	90,499,154
15	HSBC Holdings Plc (viii)	—	90,499,154

(i) Max Power Assets Limited

Deemed interests in the shares held through HSBC Private Bank (Suisse) SA Nassau Client Account.

(ii) Ms Cheng Wai Yin, Susana

Deemed interest held through her husband, Mr. Leung Chun Wah (Mr. Leung has deemed interests in the shares held through Max Power Assets Limited and HSBC Private Bank (Suisse) SA Nassau Client Account).

(iii) Mr Leung Chun Wah

Deemed interest in the shares held through Max Power Assets Limited, HSBC Private Bank (Suisse) SA Nassau Client Account and shares held by his wife, Ms. Cheng Wai Yin, Susana.

(iv) Mr Kwok Chan Cheung

Deemed interests in the shares held through Global Success International Limited.

(v) Mr Hung Yuk Choy

Deemed interest held through Optimist Profits Limited which has deemed interest held through Raffles Nominees (Pte) Limited.

(vi) Ms Lee Woon Nin

Deemed interests in the direct and deemed interest of Max Power Assets Limited.

(vii) HSBC International Trustee Limited

Deemed interests in the shares held by Max Power Assets Limited and HSBC Private Bank (Suisse) SA Nassau Client Account.

(viii) The Bank of Bermuda Limited, HSBC Asia Holdings BV, HSBC Asia Holdings (UK) Limited, HSBC Holdings BV, HSBC Finance (Netherlands), HSBC Holdings Plc

Deemed interests held through HSBC International Trustee Limited, which is a wholly-owned subsidiary of The Bank of Bermuda Limited, which is a wholly-owned subsidiary of HSBC Asia Holdings BV, which is a wholly-owned subsidiary of HSBC Asia Holdings (UK) Limited, which is a wholly-owned subsidiary of HSBC Holdings BV, which is a wholly-owned subsidiary of HSBC Finance (Netherlands), which is a wholly-owned subsidiary of HSBC Holdings Plc.

TOP TWENTY SHAREHOLDERS AS AT JUNE 16, 2011

S/No.	Name	No. of Shares	Percentage
1	HSBC (SINGAPORE) NOMINEES PTE LTD	92,999,154	24.98%
2	GLOBAL SUCCESS INTERNATIONAL LIMITED	39,477,771	10.60%
3	DBS VICKERS SECURITIES (S) PTE LTD	29,215,480	7.85%
4	RAFFLES NOMINEES (PTE) LTD	25,801,194	6.93%
5	UOB KAY HIAN PTE LTD	21,762,771	5.84%
6	DB NOMINEES (S) PTE LTD	15,107,420	4.06%
7	LAM YEN YONG	9,600,000	2.58%
8	OCBC SECURITIES PRIVATE LTD	6,740,800	1.81%
9	CIMB SECURITIES (S'PORE) PTE LTD	5,545,000	1.49%
10	PHILLIP SECURITIES PTE LTD	4,468,000	1.20%
11	SEE BENG LIAN JANICE	4,200,000	1.13%
12	YEN TZU PEI	3,795,000	1.02%
13	LI WAI-CHI	3,741,000	1.00%
14	CHENG WAI YIN, SUSANA	3,659,700	0.98%
15	NOMURA SINGAPORE LIMITED	3,398,100	0.91%
16	MCCALLUM JOHN CHARLES	2,237,000	0.60%
17	KIM ENG SECURITIES PTE LTD	1,475,000	0.40%
18	YEO SENG CHONG	1,300,000	0.35%
19	PUN SET FAH	1,105,000	0.30%
20	HOCK GUAN CHEONG BUILDER PTE LTD	1,100,000	0.29%
		276,728,390	74.32%

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Willas-Array Electronics (Holdings) Limited ("the Company") will be held on July 28, 2011 at 9.30 a.m. at Mandarin Orchard Singapore, Grange Ballroom, Level 5, Main Tower, 333 Orchard Road, Singapore 238867, to transact the following business:-

AS ORDINARY BUSINESS

1. To read, consider and adopt the Directors' Report and Audited Accounts of the Company for the financial year ended March 31, 2011 together with the Auditors' Report thereon. [Resolution 1]

2. To declare a first and final dividend of HK 10.354 cents per ordinary share for the financial year ended March 31, 2011. [Resolution 2]

3. To approve the proposed Directors' fees of S$165,000/- for the financial year ending March 31, 2012. [2011 : S$165,000/-] [Resolution 3]

4. To re-elect the following Directors retiring pursuant to the Company's Bye-Law:

   (a) Mr Leung Chun Wah {retiring pursuant to Bye-Law 104} [Resolution 4]

   (b) Mr Hung Yuk Choy {retiring pursuant to Bye-Law 104} [Resolution 5]

5. To re-appoint Messrs Deloitte & Touche LLP, Singapore as the Company's Auditors and to authorise the Directors to fix their remuneration. [Resolution 6]

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolution with or without any modifications:–

7. Authority to allot and issue shares up to 50% of the total issued share capital

   "THAT pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be and are hereby authorised to issue and allot new shares in the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit, PROVIDED ALWAYS that the aggregate number of shares and convertible securities to be issued pursuant to this Resolution shall not exceed 50% of the total issued share capital of the Company, of which the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed 10% of the total issued share capital of the Company, and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the Company's next Annual General Meeting is required by law or by the Bye-Laws of the Company to be held, whichever is the earlier." [Resolution 7]

   [See Explanatory Note (i)]

BY ORDER OF THE BOARD

Leung Hon Shing (Mr)
Company Secretary

Singapore,
July 12, 2011

Notes:

1. With the exception of the Central Depository (Pte) Ltd. (the "Depository") who may appoint more than two (2) proxies, a member of the Company entitled to attend and vote at the above Meeting is entitled to appoint no more than two (2) proxies to attend and vote on its behalf. A proxy need not be a member of the Company.

2. Where a form of proxy appoints more than one (1) proxy (including the case where such appointment results from a nomination by the Depository), the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

3. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its corporate representative at the Meeting.

4. To be valid, the instrument appointing a proxy or proxies, or nominating a proxy or proxies on behalf of the Depository together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the office of the Company's Singapore Share Transfer Agent, Intertrust Singapore Corporate Services Pte. Ltd., at 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909, not less than 48 hours before the time appointed for holding the Meeting or at any adjournment thereof.

EXPLANATORY NOTES ON SPECIAL BUSINESS:

(i) In the proposed Resolution 7 above, the percentage of issued share capital is calculated based on the issued share capital at the time of the passing of the resolution approving the mandate after adjusting for:- (a) new shares arising from the conversion or exercise of convertible securities; (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of the resolution approving the mandate; and (c) any subsequent bonus issue, consolidation or subdivision of shares. The proposed Resolution 7, if passed, will empower the Directors of the Company from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue new shares in the Company (whether by way of rights, bonus or otherwise). The number of shares which the Directors may issue under this Resolution shall not exceed 50% of the total issued share capital of the Company. For issue of shares other than on a pro-rata basis to all existing shareholders of the Company, the aggregate number of shares and convertible securities to be issued shall not exceed 10% of the total issued share capital of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

IMPORTANT NOTICE

The Company is incorporated in Bermuda and is subject to the Bermuda Act and Bermuda law. Under the Bermuda Act, only those persons who agree to become shareholders of a Bermuda company and whose names are entered on the register of members of such company may be shareholders, with rights to attend and vote at general meetings. Accordingly, depositors would not be recognised as Shareholders and would not have a right to attend and to vote at general meetings of the Company.

However, the Bye-Laws of the Company provide that CDP shall be deemed to have appointed as CDP's proxies each of the depositors who are individuals and whose names are shown in the records of CDP as at a time not earlier than 48 hours prior to the time of the relevant general meeting, supplied by CDP to the Company. Therefore, depositors who are individuals can attend and vote at the Annual General Meeting ("AGM") without the lodgement of any proxy form. Depositors who are individuals and who cannot attend the AGM personally may enable their nominees to attend as CDP's proxies by completing, signing and returning the appropriate proxy form accompanying this Circular in accordance with the instructions printed thereon as soon as possible and in any event, so as to arrive at the office of the Company's Singapore share transfer agent, Intertrust Singapore Corporate Services Pte. Ltd. at 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909, not less than 48 hours before the time appointed for holding the AGM or at any adjournment thereof.

In the case of depositors who are not individuals, they can only be represented at the AGM if their nominees are appointed as CDP's proxies. Such depositors would still need to complete and lodge proxy forms to appoint their nominees as proxies of CDP. The proxy forms must be executed and deposited at the office of the Company's Singapore share transfer agent, Intertrust Singapore Corporate Services Pte. Ltd. at 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909, not less than 48 hours before the time appointed for holding the AGM or at any adjournment thereof, to enable the nominees to attend and vote at the AGM.

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