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WILLAS-ARRAY
WILLAS-ARRAY ELECTRONICS (HOLDINGS) LIMITED
威雅利電子(集團)有限公司
(Incorporated in Bermuda with limited liability)
(Hong Kong stock code: 854)
(Singapore stock code: BDR)

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2023**

FINANCIAL HIGHLIGHTS

	For the six months ended September 30,		Change %
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	
Revenue	1,359,457	1,782,845	-23.7
Gross profit	61,981	169,974	-63.5
(Loss) profit before tax	(96,712)	16,558	NM
(Loss) profit attributable to owners of the Company	(95,227)	12,829	NM
Basic (loss) earnings per share (HK cents)	(108.68)	14.78	NM
NM – Not Meaningful			

UNAUDITED FINANCIAL RESULTS

The board of directors of Willas-Array Electronics (Holdings) Limited (the “Company” and the “Board”, respectively) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”, “We” or “Our”) for the six months ended September 30, 2023, together with the relevant comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended September 30, 2023

		For the six months ended September 30,		Change
	NOTES	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	%
Revenue	3	1,359,457	1,782,845	-23.7
Cost of sales		(1,297,476)	(1,612,871)	-19.6
Gross profit		61,981	169,974	-63.5
Other income		1,389	4,495	-69.1
Distribution costs		(11,201)	(16,043)	-30.2
Administrative expenses		(91,402)	(94,414)	-3.2
Other gains and losses		(16,061)	(32,648)	-50.8
Impairment losses recognised under expected credit loss (“ECL”) model, net		(8,388)	–	NM
Loss on fair value change of investment property		(1,386)	–	NM
Finance costs		(31,644)	(14,806)	+113.7
(Loss) profit before tax		(96,712)	16,558	NM
Income tax credit (expense)	4	1,448	(3,737)	NM
(Loss) profit for the period	5	(95,264)	12,821	NM
Other comprehensive expense:				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
– Exchange differences arising from translation of foreign operations		(20,914)	(39,845)	-47.5
Other comprehensive expense for the period		(20,914)	(39,845)	-47.5
Total comprehensive expense for the period		(116,178)	(27,024)	NM

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

For the six months ended September 30, 2023

		For the six months ended September 30,		
	<i>NOTE</i>	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	Change %
(Loss) profit attributable to:				
Owners of the Company		(95,227)	12,829	NM
Non-controlling interests		(37)	(8)	NM
		<u>(95,264)</u>	<u>12,821</u>	NM
 Total comprehensive expense attributable to:				
Owners of the Company		(116,133)	(27,012)	NM
Non-controlling interests		(45)	(12)	NM
		<u>(116,178)</u>	<u>(27,024)</u>	NM
 (Loss) Earnings per share	13			
– Basic (HK cents)		<u>(108.68)</u>	14.78	NM
– Diluted (HK cents)		<u>(108.68)</u>	14.66	NM

NM – Not Meaningful

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2023

		As at September 30, 2023	As at March 31, 2023
	<i>NOTES</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment	6	250,918	265,418
Right-of-use assets		7,895	11,859
Investment property		9,560	10,946
Club debentures		2,001	2,001
Interest in an associate		–	–
Financial assets measured at fair value through other comprehensive income ("FVTOCI")		–	–
Long-term deposits		2,738	4,044
Deferred tax assets		487	505
		273,599	294,773
Total non-current assets			
Current assets			
Inventories		605,855	586,266
Trade receivables	7	797,737	806,043
Other receivables, deposits and prepayments		7,166	6,425
Income tax recoverable		6,187	6,304
Derivative financial instruments		307	748
Cash and cash equivalents		58,000	317,230
		1,475,252	1,723,016
Total current assets			
		1,748,851	2,017,789
Total assets			

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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As at September 30, 2023

		As at September 30, 2023 <i>HK\$'000</i> (Unaudited)	As at March 31, 2023 <i>HK\$'000</i> (Audited)
	<i>NOTES</i>		
Current liabilities			
Trade payables	9	437,230	385,665
Other payables		36,554	36,638
Contract liabilities		2,506	2,971
Income tax payable		190	903
Trust receipt loans		456,484	658,108
Bank borrowings		206,425	200,469
Derivative financial instruments		255	66
Lease liabilities		5,397	8,110
		1,145,041	1,292,930
Total current liabilities			
		330,211	430,086
Net current assets			
		603,810	724,859
Total assets less current liabilities			
Capital, reserves and non-controlling interests			
Share capital	10	87,622	87,622
Reserves		486,795	602,928
		574,417	690,550
Equity attributable to owners of the Company			
Non-controlling interests		123	66
		574,540	690,616
Total equity			
		26,665	30,153
Non-current liabilities			
Deferred tax liabilities		2,605	4,090
Lease liabilities		2,605	4,090
		29,270	34,243
Total non-current liabilities			
		1,748,851	2,017,789
Total liabilities and equity		1,748,851	2,017,789

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended September 30, 2023

	Attributable to owners of the Company										
	Share capital	Capital reserves	Statutory reserve	Property revaluation reserve	Currency translation reserve	Financial assets measured at FVTOCI reserve	Other reserve	Accumulated profits	Subtotal	Non-controlling interests	Total
	HK\$'000	HK\$'000 (Note i)	HK\$'000 (Note ii)	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Note iii)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At April 1, 2022 (Audited)	85,777	196,975	28,082	127,652	21,598	(16,448)	(3,561)	330,491	770,566	-	770,566
Total comprehensive (expense) income for the period:											
Profit (loss) for the period	-	-	-	-	-	-	-	12,829	12,829	(8)	12,821
Other comprehensive expense for the period	-	-	-	-	(39,841)	-	-	-	(39,841)	(4)	(39,845)
Total	-	-	-	-	(39,841)	-	-	12,829	(27,012)	(12)	(27,024)
Transactions with owners, recognised directly in equity:											
Capital contribution from non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	82	82
Exercise of share options	1,845	2,970	-	-	-	-	-	-	4,815	-	4,815
Share options forfeited	-	(114)	-	-	-	-	-	114	-	-	-
Dividend paid (Note 12)	-	-	-	-	-	-	-	(63,964)	(63,964)	-	(63,964)
Transfer of statutory reserve	-	-	226	-	-	-	-	(226)	-	-	-
Total	1,845	2,856	226	-	-	-	-	(64,076)	(59,149)	82	(59,067)
At September 30, 2022 (Unaudited)	<u>87,622</u>	<u>199,831</u>	<u>28,308</u>	<u>127,652</u>	<u>(18,243)</u>	<u>(16,448)</u>	<u>(3,561)</u>	<u>279,244</u>	<u>684,405</u>	<u>70</u>	<u>684,475</u>
At April 1, 2023 (Audited)	<u>87,622</u>	<u>199,780</u>	<u>28,771</u>	<u>125,090</u>	<u>(5,355)</u>	<u>(16,448)</u>	<u>(3,561)</u>	<u>274,651</u>	<u>690,550</u>	<u>66</u>	<u>690,616</u>
Total comprehensive expense for the period:											
Loss for the period	-	-	-	-	-	-	-	(95,227)	(95,227)	(37)	(95,264)
Other comprehensive expense for the period	-	-	-	-	(20,906)	-	-	-	(20,906)	(8)	(20,914)
Total	-	-	-	-	(20,906)	-	-	(95,227)	(116,133)	(45)	(116,178)
Transactions with owners, recognised directly in equity:											
Capital contribution from non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	102	102
Share options forfeited	-	(85)	-	-	-	-	-	85	-	-	-
Transfer of statutory reserve	-	-	319	-	-	-	-	(319)	-	-	-
Total	-	(85)	319	-	-	-	-	(234)	-	102	102
At September 30, 2023 (Unaudited)	<u>87,622</u>	<u>199,695</u>	<u>29,090</u>	<u>125,090</u>	<u>(26,261)</u>	<u>(16,448)</u>	<u>(3,561)</u>	<u>179,190</u>	<u>574,417</u>	<u>123</u>	<u>574,540</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
– continued

For the six months ended September 30, 2023

Notes:

- (i) Capital reserves comprise share premium, contributed surplus and share options reserve. Contributed surplus represents the difference between the underlying net tangible assets of the subsidiaries which were acquired by the Company at the date of the group reorganisation in 2001 and the nominal amount of the shares issued by the Company under the reorganisation.
- (ii) The statutory reserve is non-distributable and was appropriated from profit after tax of the Company's subsidiaries in the People's Republic of China (the "PRC") and Taiwan under the respective laws and regulations of the PRC and Taiwan.
- (iii) Other reserve comprises a debit amount of HK\$3,561,000 and represents the difference between the fair value of the consideration paid and the carrying amount of the net assets attributable to the additional interest in certain then subsidiaries acquired during the year ended March 31, 2017.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended September 30, 2023

	For the six months ended September 30,	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash used in operating activities	<u>(58,595)</u>	<u>(136,283)</u>
Net cash used in investing activities		
Purchase of property, plant and equipment	(2,159)	(2,712)
Proceeds from disposal of property, plant and equipment	—	200
	<u>(2,159)</u>	<u>(2,512)</u>
Net cash (used in) from financing activities		
Capital contribution from non-controlling interests of a subsidiary	102	82
Dividend paid to shareholders	—	(63,964)
Proceeds from exercise of share options	—	4,815
Repayments of trust receipt loans	(1,151,840)	(1,298,563)
Proceeds from trust receipt loans	952,984	1,492,052
Repayments of bank borrowings	(441,026)	(311,077)
Proceeds from bank borrowings	449,633	364,217
Repayments of lease liabilities	(4,299)	(4,033)
	<u>(194,446)</u>	<u>183,529</u>
Net (decrease) increase in cash and cash equivalents	(255,200)	44,734
Cash and cash equivalents at beginning of the period	317,230	327,673
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	<u>(4,030)</u>	<u>(9,237)</u>
Cash and cash equivalents at end of the period	<u><u>58,000</u></u>	<u><u>363,170</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended September 30, 2023

1. BASIS OF PREPARATION

Willas-Array Electronics (Holdings) Limited (the “Company”) was incorporated in Bermuda on August 3, 2000 as an exempted company with limited liability under the Companies Act 1981 of Bermuda with its registered office at Victoria Place, 5/F, 31 Victoria Street, Hamilton HM10, Bermuda. Its principal place of business is located at 24/F, Wyler Centre, Phase 2, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong. The issued ordinary shares of the Company are listed and traded on the Main Board of Singapore Exchange Securities Trading Limited (the “SGX-ST”) and the Main Board of The Stock Exchange of Hong Kong Limited (the “SEHK”). The condensed consolidated financial statements of the Group are presented in Hong Kong dollars which is also the functional currency of the Company. All values are rounded to the nearest thousand except otherwise indicated.

The principal activity of the Company is investment holding and the Company’s subsidiaries are principally engaged in the trading of electronic components.

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “*Interim Financial Reporting*” issued by the International Accounting Standards Board (“IASB”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the SEHK (the “HK Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from the application of amendments to International Financial Reporting Standards (“IFRS Standards”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended September 30, 2023 are the same as those presented in the Group’s annual financial statements for the year ended March 31, 2023 (“FY2023”).

2. PRINCIPAL ACCOUNTING POLICIES – continued

Application of amendments to IFRS Standards

In the current interim period, the Group has applied the following amendments to IFRS Standards issued by the IASB, for the first time, which are mandatorily effective for the Group’s annual period beginning on April 1, 2023 for the preparation of the Group’s condensed consolidated financial statements:

IFRS 17 (Including the October 2020 and February 2022 Amendments to IFRS 17)	Insurance Contracts
Amendment to IAS 1 and HKFRS Practices Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform - Pillar Two Model Rules

The application of the amendments to IFRS Standards in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

The Group is engaged in the trading of electronic components. Information reported to the executive directors of the Company, being the Group’s chief operating decision maker (the “CODM”) for the purposes of resource allocation and assessment of performance is based on geographical locations as follows:

- Southern China Region;
- Northern China Region; and
- Taiwan

In addition, the CODM also reviews revenue by customers’ market industries.

The CODM focuses on reportable segment profit which is gross profit earned by each segment. Other income, distribution costs, administrative expenses, other gains and losses, impairment losses recognised under ECL model, net and finance costs are excluded from segment results.

No operating segments have been aggregated in arriving at the reportable segments of the Group.

3. SEGMENT INFORMATION – continued

The following is an analysis of the Group's revenue and results by reportable and operating segments:

Six months ended September 30, 2023 (Unaudited)

	Trading of electronic components					Total HK\$'000
	Southern China Region HK\$'000	Northern China Region HK\$'000	Taiwan HK\$'000	Sub-total HK\$'000	Elimination HK\$'000	
	Revenue					
Sales – external	586,451	729,982	43,024	1,359,457	–	1,359,457
Sales – inter-company	378,190	327,837	–	706,027	(706,027)	–
	964,641	1,057,819	43,024	2,065,484	(706,027)	1,359,457
Cost of sales	(941,354)	(1,024,417)	(37,732)	(2,003,503)	706,027	(1,297,476)
Gross profit/segment results	23,287	33,402	5,292	61,981	–	61,981
Other income						1,389
Distribution costs						(11,201)
Administrative expenses						(91,402)
Other gains and losses						(16,061)
Impairment losses recognised under ECL model, net						(8,388)
Loss on fair value change of investment property						(1,386)
Finance costs						(31,644)
Loss before tax						(96,712)
Income tax credit						1,448
Loss for the period						(95,264)
Loss attributable to non-controlling interests						37
Loss attributable to owners of the Company						(95,227)

3. SEGMENT INFORMATION – continued

Six months ended September 30, 2022 (Unaudited)

	Trading of electronic components					
	Southern	Northern				
	China Region	China Region	Taiwan	Sub-total	Elimination	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue						
Sales – external	807,654	916,420	58,771	1,782,845	–	1,782,845
Sales – inter-company	837,619	327,840	1,497	1,166,956	(1,166,956)	–
	1,645,273	1,244,260	60,268	2,949,801	(1,166,956)	1,782,845
Cost of sales	(1,564,861)	(1,161,207)	(53,759)	(2,779,827)	1,166,956	(1,612,871)
Gross profit/segment results	80,412	83,053	6,509	169,974	–	169,974
Other income						4,495
Distribution costs						(16,043)
Administrative expenses						(94,414)
Other gains and losses						(32,648)
Finance costs						(14,806)
Profit before tax						16,558
Income tax expense						(3,737)
Profit for the period						12,821
Loss attributable to non-controlling interests						8
Profit attributable to owners of the Company						12,829

The management monitors the Group's assets and liabilities in one pool, which is more efficient and effective. Accordingly, no segment assets and liabilities information was presented to the CODM.

4. INCOME TAX (CREDIT) EXPENSE

	For the six months ended September 30,	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The income tax (credit) expense comprises:		
Current tax:		
– Hong Kong	139	2,806
– PRC Enterprise Income Tax (the “EIT”)	963	2,208
– Taiwan	75	105
	<u>1,177</u>	<u>5,119</u>
Under (over) provision in respect of prior period:		
– PRC EIT	70	344
– Taiwan	10	(14)
	<u>80</u>	<u>330</u>
Deferred tax:		
– Credit to the period	(2,705)	(1,712)
	<u>(1,448)</u>	<u>3,737</u>

Under the two-tiered profits tax rates regime, the Company was subject to Hong Kong Profits Tax at the rate of 8.25% for the first HK\$2,000,000 of assessable profits, and the remaining profits at 16.5%. Subsidiaries of the Company incorporated in Hong Kong were subject to Hong Kong Profits Tax at the rate of 16.5% for the six months ended September 30, 2023 and 2022.

Under the Law of the PRC on EIT (the “EIT Law”) and the Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2022: 25%). The tax rate of the Taiwan subsidiary is 20% (2022: 20%).

5. (LOSS) PROFIT FOR THE PERIOD

(Loss) profit for the period has been arrived at or after charging (crediting):

	For the six months ended September 30,	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Cost of inventories recognised as expenses (<i>Note i</i>)	1,297,476	1,612,871
Depreciation of property, plant and equipment	7,546	7,503
Depreciation of right-of-use assets	4,055	4,094
Directors' emoluments (<i>Note ii</i>)	2,974	4,424
Gain on disposal of property, plant and equipment	–	(200)
Audit fees		
Paid to auditor of the Company	381	364
Paid to other auditors	1,003	974
Non-audit fees		
Paid to auditor of the Company	115	110
Paid to other auditors	409	406
Staff costs (excluding directors' emoluments) (<i>Note ii</i>)	54,860	63,493
Net foreign exchange loss	15,431	38,333
Net loss (gain) on fair value changes of derivative financial instruments	630	(5,485)
Interest income from bank deposits	(966)	(939)
Interest expense on borrowings	31,481	14,601
Government grant (<i>Note iii</i>)	–	(2,832)
	<u> </u>	<u> </u>

Notes:

- (i) During the six months ended September 30, 2023, the amount included allowance for inventories amounting to HK\$36,955,000 (2022: nil).
- (ii) During the six months ended September 30, 2023, cost of defined contribution plans amounting to HK\$8,558,000 (2022: HK\$7,922,000) was included in staff costs and directors' emoluments.
- (iii) During the six months ended September 30, 2022, the Group recognised government grants of HK\$2,832,000 in respect of Covid-19-related subsidies and entire amount relates to Employment Support Scheme provided by the Hong Kong Special Administrative Region Government. No such government grant was recognised for the six months ended September 30, 2023.

6. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment of HK\$2,159,000 (2022: HK\$2,712,000).

7. TRADE RECEIVABLES

	As at September 30, 2023 <i>HK\$'000</i> (Unaudited)	As at March 31, 2023 <i>HK\$'000</i> (Audited)
Trade receivables	817,452	816,752
Less: allowance for credit losses	<u>(19,715)</u>	<u>(10,709)</u>
	<u><u>797,737</u></u>	<u><u>806,043</u></u>

The Group allows a credit period of 30 to 120 days (March 31, 2023: 30 to 120 days) to its trade customers.

The following is an aging analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date or bills issuance date at the end of the reporting periods:

	As at September 30, 2023 <i>HK\$'000</i> (Unaudited)	As at March 31, 2023 <i>HK\$'000</i> (Audited)
Within 60 days	461,938	560,204
61 to 90 days	106,083	77,318
Over 90 days	<u>229,716</u>	<u>168,521</u>
	<u><u>797,737</u></u>	<u><u>806,043</u></u>

8. TRANSFER OF FINANCIAL ASSETS

As at September 30, 2023, the Group's trade receivables amounting to HK\$71,635,000 (March 31, 2023: HK\$92,927,000) were transferred to banks by discounting those trade receivables and bills received on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as secured borrowings amounting to HK\$60,604,000 (March 31, 2023: HK\$80,874,000).

9. TRADE PAYABLES

The following is an aging analysis of trade payables presented based on the invoice date or bills issuance date at the end of the reporting periods:

	As at September 30, 2023 <i>HK\$'000</i> (Unaudited)	As at March 31, 2023 <i>HK\$'000</i> (Audited)
Within 30 days	275,565	257,580
31 to 60 days	<u>161,665</u>	<u>128,085</u>
	<u><u>437,230</u></u>	<u><u>385,665</u></u>

10. SHARE CAPITAL

	Number of shares '000	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$1.0 each		
Authorised		
At April 1, 2022 (Audited), September 30, 2022 (Unaudited), April 1, 2023 (Audited) and September 30, 2023 (Unaudited)	<u><u>120,000</u></u>	<u><u>120,000</u></u>
Issued and paid up		
At April 1, 2022 (Audited)	85,777	85,777
Exercise of share options	<u>1,845</u>	<u>1,845</u>
At September 30, 2022 (Unaudited), April 1, 2023 (Audited) and September 30, 2023 (Unaudited)	<u><u>87,622</u></u>	<u><u>87,622</u></u>

The Company has no treasury shares.

11. SHARE-BASED PAYMENTS

The Company had on July 30, 2013 adopted the Willas-Array Electronics Employee Share Option Scheme III (“ESOS III”) to grant share options to eligible employees, including the executive directors of the Company and its subsidiaries.

On December 2, 2020, the Company granted share options exercisable for 3,835,000 ordinary shares of HK\$1.00 each of the Company to certain eligible employees under ESOS III with an exercise price of HK\$2.61 per share. The period for the exercise of the share options will commence after the first anniversary of the date of grant and expire on the tenth anniversary of such date of grant. The total estimated fair value as at the date of grant was approximately HK\$2,817,000.

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

	Number of share options
Outstanding share options for ordinary shares at April 1, 2022 (Audited)	3,937,000
Forfeited during the period	(155,000)
Exercised during the period	<u>(1,845,000)</u>
Outstanding share options for ordinary shares at September 30, 2022 (Unaudited)	1,937,000
Forfeited during the period	<u>(70,000)</u>
Outstanding share options for ordinary shares at April 1, 2023 (Audited)	1,867,000
Forfeited during the period	<u>(115,000)</u>
Outstanding share options for ordinary shares at September 30, 2023 (Unaudited)	<u><u>1,752,000</u></u>

11. SHARE-BASED PAYMENTS – continued

Fair values of the share options granted under ESOS III were calculated using the Binomial option pricing model. The inputs into the model were as follows:

Grant date	ESOS III December 2, 2020	ESOS III July 17, 2017 (Note)
Share price at valuation date	HK\$2.25	HK\$4.07
Exercise price	HK\$2.61	HK\$4.30
Expected volatility	35.49%	48.41%
Risk-free rate	0.59%	1.49%
Expected dividend yield	0.00%	7.62%
Expected life	10 years	10 years
Exercisable period	9 years	9 years
Vesting period	1 year	1 year
Fair value per share option	HK\$0.73	HK\$1.23

Note: During the prior years, upon the bonus issue of shares becoming effective on August 28, 2018, (i) the exercise price of the outstanding share options granted under ESOS III was adjusted to HK\$3.91 per share; and (ii) the respective numbers of underlying shares comprised in the outstanding share options under ESOS III of the Company have been adjusted accordingly.

12. DIVIDEND

No dividend was declared and paid during the six months ended September 30, 2023. During the six months ended September 30, 2022, a one-tier tax exempt final dividend of HK33.0 cents per share and a one-tier tax exempt special dividend of HK40.0 cents per share were declared and paid to the shareholders of the Company in respect of the year ended March 31, 2022. The aggregate amount of the final and special dividend paid in the six months ended September 30, 2022 amounted to HK\$63,964,000.

The Board has resolved not to declare any interim dividend for the six months ended September 30, 2023 (2022: nil).

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

As at September 30, 2023

	As at September 30, 2023 <i>HK\$'000</i> (Unaudited)	As at March 31, 2023 <i>HK\$'000</i> (Audited)
Non-current assets		
Amount due from a subsidiary	33,814	33,814
Interests in subsidiaries	<u>170,532</u>	<u>170,532</u>
Total non-current assets	<u>204,346</u>	204,346
Current assets		
Amounts due from subsidiaries	194,592	190,402
Deposits and prepayments	12	112
Cash and cash equivalents	<u>2,623</u>	<u>4,932</u>
Total current assets	<u>197,227</u>	<u>195,446</u>
Total assets	<u><u>401,573</u></u>	<u><u>399,792</u></u>
Current liabilities		
Amount due to a subsidiary	3,820	2,747
Other payables	1,231	503
Income tax payable	51	51
Financial guarantee liabilities	<u>4,183</u>	<u>8,367</u>
Total current liabilities	<u>9,285</u>	<u>11,668</u>
Net current assets	<u>187,942</u>	<u>183,778</u>
Total assets less current liabilities	<u>392,288</u>	<u>388,124</u>
Capital and reserves		
Share capital	87,622	87,622
Reserves	<u>304,666</u>	<u>300,502</u>
Equity attributable to owners of the Company	<u>392,288</u>	<u>388,124</u>
Total liabilities and equity	<u><u>401,573</u></u>	<u><u>399,792</u></u>

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

For the six months ended September 30, 2023

	Share capital	Capital reserves	Accumulated profits	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At April 1, 2022 (Audited)	85,777	196,975	159,663	442,415
Profit for the period, representing total comprehensive income for the period	–	–	2,437	2,437
Transactions with owners, recognised directly in equity:				
Exercise of share options	1,845	2,970	–	4,815
Share options forfeited	–	(114)	114	–
Dividend paid (<i>Note 12</i>)	–	–	(63,964)	(63,964)
Total	1,845	2,856	(63,850)	(59,149)
At September 30, 2022 (Unaudited)	87,622	199,831	98,250	385,703
At April 1, 2023 (Audited)	87,622	199,780	100,722	388,124
Profit for the period, representing total comprehensive income for the period	–	–	4,164	4,164
Transactions with owners, recognised directly in equity:				
Share options forfeited	–	(85)	85	–
Total	–	(85)	85	–
At September 30, 2023 (Unaudited)	87,622	199,695	104,971	392,288

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group recorded loss attributable to owners of the Company of HK\$95.2 million for the six months ended September 30, 2023 (“1H FY2024”) compared to a profit attributable to owners of the Company of HK\$12.8 million for the six months ended September 30, 2022 (“1H FY2023”). The loss was mainly due to:

- (i) in 1H FY2024, due to global uncertainties leading to economic downturn, weak demand in the end-markets and continuous rise in interest rates, the Group achieved a sales revenue of HK\$1,359.5 million, representing a decrease of 23.7% as compared to 1H FY2023;
- (ii) due to weak demand in the semiconductor market and customers entering destocking cycles, there has been intensified price competition in the market. The Group has taken proactive measures to offer discounts in order to actively reduce its inventory, which has exerted short-term pressure on our product margin. Consequently, the adjusted gross profit margin stood at 7.3% (excluding the impact of stock provision), representing a decrease of 2.2% as compared to 1H FY2023;
- (iii) an increase in stock provision of HK\$37.0 million made for the slow-moving inventories due to a slowdown of market demand in 1H FY2024 as compared to 1H FY2023 where no stock provision was made;
- (iv) net impairment losses of HK\$8.4 million recognised under expected credit loss model in 1H FY2024 as compared to 1H FY2023 where there was no such impairment losses; and
- (v) an increase in finance costs of HK\$16.8 million mainly due to rising weighted average effective interest rate in 1H FY2024 as compared to 1H FY2023. The adjusted loss attributable to owners of the Company was HK\$34.5 million in 1H FY2024, if excluding the stock provision of HK\$37.0 million, net impairment losses recognised under expected credit loss model of HK\$8.4 million, and a net exchange loss of HK\$15.4 million.

Revenue

The Group’s revenue decreased by 23.7% to HK\$1,359.5 million in 1H FY2024 as compared to HK\$1,782.8 million in 1H FY2023. During 1H FY2023, the Group has experienced a shortage of supply. However, due to the strong inflation and continuous increase of interest rate, which hammered both the consumer and corporate spending, it has weakened the demand as a result. The adjustment was made from the second half of FY2023 which caused the supply chain to pile up inventory. The semiconductor industry has been experiencing a sustained downturn cycle, facing market changes and a structural differentiation trend in downstream demand. Consumer demand remains weak, while there is a relatively stronger demand for new energy vehicles. The Group’s sales

performance reflects the changing demands in different market segments, its revenue experienced varying degrees of decrease across its major segments. However, as driven by government policies for new energy vehicles, demand on new energy vehicles become relatively better, thus decline in sales revenue for the Automotive segment was mitigated.

Revenue by Market Segment Analysis

	1H FY2024		1H FY2023		Increase/(Decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Automotive	401,408	29.5%	451,810	25.4%	(50,402)	-11.2%
Industrial	280,374	20.6%	465,929	26.1%	(185,555)	-39.8%
Home Appliance	248,815	18.3%	301,890	16.9%	(53,075)	-17.6%
Electronic Manufacturing						
Services (“EMS”)	125,361	9.2%	110,895	6.2%	14,466	13.0%
Telecommunications	92,433	6.8%	140,485	7.9%	(48,052)	-34.2%
Audio and Video	83,654	6.2%	128,497	7.2%	(44,843)	-34.9%
Dealer	79,786	5.9%	97,026	5.5%	(17,240)	-17.8%
Lighting	33,442	2.5%	59,373	3.3%	(25,931)	-43.7%
Others	14,184	1.0%	26,940	1.5%	(12,756)	-47.3%
	<u>1,359,457</u>	<u>100.0%</u>	<u>1,782,845</u>	<u>100.0%</u>	<u>(423,388)</u>	<u>-23.7%</u>

Automotive

The Automotive segment has become the largest revenue generator of the Group. Revenue from the Automotive segment decreased by approximately 11.2% from approximately HK\$451.8 million in 1H FY2023 to HK\$401.4 million in 1H FY2024 as compared to 1H FY2023. The Automotive segment continued to be the strongest among the Group’s major segments due to the Chinese government’s robust support for the development of new energy vehicles as part of the government’s strategy to achieve carbon neutrality. Despite the current market adjustment, the Group still believes that it is worthwhile to invest into this segment and will continue to provide strong support to our key customers and principal suppliers to further enhance the sales volume and market share of automotive electronics.

Industrial

The Industrial segment achieved revenue of HK\$280.4 million in 1H FY2024, representing a decrease of approximately 39.8% as compared to the same period last year. The business was significantly affected by the weak exports and domestic demand of China. In light of this, the Group is closely monitoring changes in market conditions and ensuring that its stock level is in line with demand.

Home Appliance

The Home Appliance segment, which is our third largest revenue generating segment, recorded sales of HK\$248.8 million in 1H FY2024, representing a decrease of approximately 17.6% as compared to 1H FY2023. Demand within this segment was impacted by the weak global consumer electronics market, which affected export sales, as well as slower domestic demand for home appliances because of the cooling measures implemented in mainland China's property market. Although the Chinese government has started to ease the cooling measures and tried to re-build market confidence, it would take some time for the market to re-adjust. The Group will monitor the market re-adjustment to maintain a balance between healthy stock levels and meeting customer demand.

EMS

This segment recorded a year-on-year (“YOY”) increase in revenue of approximately 13.0% to HK\$125.4 million in 1H FY2024. The higher revenue was driven by a significant project that we secured in 1H FY2023.

Telecommunications

Revenue from the Telecommunications segment decreased by 34.2% YOY to HK\$92.4 million. The weakening of consumer spending has affected the demand for mobile phones, thus impacted the overall demand for smartphone components.

Audio and Video

The Audio and Video segment recorded revenue of HK\$83.7 million in 1H FY2024, representing a decrease of approximately 34.9% as compared to 1H FY2023. This is reflective of the challenging situation in both the consumer electronics market and the export market of China. The Group believes this market will remain challenging in the upcoming months. It may take some time for this segment to adjust and normalise.

Dealer

The Dealer segment registered revenue of HK\$79.8 million in 1H FY2024, representing a decline of approximately 17.8% as compared to 1H FY2023. Revenue contribution from this segment was impacted by similar constraints faced by other segments, mainly due to the weakened demand for consumer electronics.

Lighting

The Lighting segment recorded revenue of HK\$33.4 million in 1H FY2024, representing a YOY decline of approximately 43.7%. This decline reflected the weak demand in both the consumer and commercial lighting markets.

Others

The Others segment registered a YOY decline of approximately 47.3% in revenue to HK\$14.2 million in 1H FY2024. The decline was due to lower demand for personal computers, electronic toys and portable devices, reflecting weak consumer spending.

Gross Profit Margin

The Group's gross profit margin significantly narrowed to 4.6% in 1H FY2024 from 9.5% in 1H FY2023. The decrease in gross profit margin was mainly due to a stock provision of HK\$37.0 million for slow-moving inventories made in 1H FY2024 as compared to 1H FY2023 where no stock provision was made. The adjusted gross profit margin (excluding the stock provision of HK\$37.0 million) in 1H FY2024 decreased to 7.3% from 9.5% in 1H FY2023. This was primarily due to (i) the significant pricing pressure due to the weak market demand and other market participants trying to lower their prices to compete for market share; and (ii) the efforts to clear old inventory to avoid further price erosion in light of the pricing pressure.

Other Income

Other income decreased by HK\$3.1 million to HK\$1.4 million in 1H FY2024 from HK\$4.5 million in 1H FY2023, mainly due to the absence of a one-off subsidy of HK\$2.8 million from the Hong Kong government's Employment Support Scheme, which was recognised in 1H FY2023. No such income was received in 1H FY2024.

Distribution Costs

Distribution costs decreased by HK\$4.8 million or 30.2% to HK\$11.2 million in 1H FY2024 from HK\$16.0 million in 1H FY2023. The decrease was mainly due to an over-provision adjustment of incentive provision for FY2023, which was recognised in 1H FY2024.

Administrative Expenses

Administrative expenses declined by HK\$3.0 million or 3.2% to HK\$91.4 million in 1H FY2024 from HK\$94.4 million in 1H FY2023, due to the cost control and monitoring measures implemented by the Group.

Other Gains and Losses

Other losses of HK\$16.1 million were incurred in 1H FY2024, comprising largely foreign exchange loss amounting to HK\$15.4 million mainly arising from the depreciation of Renminbi ("RMB"), as compared to foreign exchange loss of HK\$38.3 million recorded in 1H FY2023. The Group has entered into several foreign currency forward contracts to hedge against the currency risk of the depreciation of RMB against the US dollar ("USD").

Impairment Losses Recognised Under Expected Credit Loss Model, Net

There were net impairment losses of HK\$8.4 million in 1H FY2024, mainly due to impairment losses on trade receivables, partly offset by a reversal of provision for impairment loss previously recognised on amount due from an associate. No impairment loss was recognised in 1H FY2023.

Finance Costs

Finance costs, which comprises interest expenses on trust receipt loans and bank borrowings, and interest on lease liabilities, increased by HK\$16.8 million or 113.7% to HK\$31.6 million in 1H FY2024 from HK\$14.8 million in 1H FY2023. The increase was mainly due to rising weighted average effective interest rate as compared to the same period last year.

LIQUIDITY AND FINANCIAL RESOURCES

Financial Position

Trust receipt loans decreased by HK\$201.6 million to HK\$456.5 million as at September 30, 2023, from HK\$658.1 million as at March 31, 2023. The decrease was mainly due to the decreased purchases towards the end of the current interim period as compared with the purchases towards March 31, 2023.

Trade payables increased to HK\$437.2 million as at September 30, 2023, from HK\$385.7 million as at March 31, 2023.

Trade receivables decreased by HK\$8.3 million to HK\$797.7 million as at September 30, 2023, from HK\$806.0 million as at March 31, 2023. The decrease was due to higher debtors turnover days of 3.6 months as at September 30, 2023, as compared to 3.1 months as at March 31, 2023.

As at September 30, 2023, the Group's current ratio (current assets divided by current liabilities) was 1.29 (March 31, 2023: 1.33).

Inventories

Inventories increased to HK\$605.9 million as at September 30, 2023, from HK\$586.3 million as at March 31, 2023. The inventory turnover days increased to 2.8 months as at September 30, 2023, from 2.5 months as at March 31, 2023.

Cash Flow

As at September 30, 2023, the Group had a working capital of HK\$330.2 million which included a cash balance of HK\$58.0 million, as compared to a working capital of HK\$430.1 million which included a cash balance of HK\$317.2 million as at March 31, 2023. The decrease in cash by HK\$259.2 million was primarily attributable to the effect of cash outflow of HK\$58.6 million used in operating activities and cash outflow of HK\$194.4 million used in financing activities. The Group's cash balance was mainly denominated in USD, RMB and Hong Kong dollars ("HKD").

Cash outflow in operating activities was mainly due to the net effect of an increase in inventories.

Cash outflow used from financing activities was mainly attributable to a decrease in trust receipt loans owing to the decreased purchases towards the end of the current interim period when compared with the purchases towards March 31, 2023.

Borrowings and Banking Facilities

As at September 30, 2023, the Group had bank borrowings of HK\$206.4 million, which were repayable within one year. Among the Group's bank borrowings, 32.7% was denominated in USD and 37.5% was denominated in HKD and the remainder was denominated in RMB. As at September 30, 2023, the fixed-rate bank borrowings and the variable-rate bank borrowings accounted for 92.9% and 7.1%, respectively. The fixed-rate bank borrowings bore interest at a weighted average effective rate of 6.09% per annum, while variable-rate bank borrowings bore interest at a weighted average effective rate of 6.62% per annum.

As at September 30, 2023, trust receipt loans of HK\$456.5 million were unsecured and repayable within one year and bore interest at a weighted average effective rate of 7.75% per annum. Among the trust receipt loans, 85.2% was denominated in USD and the remainder was denominated in HKD. As at September 30, 2023, the Group had unutilised banking facilities of HK\$273.0 million (March 31, 2023: HK\$416.6 million).

The aggregate amount of the Group's borrowings and debt securities was as follows:

Amount repayable in one year or less, or on demand

As at September 30, 2023		As at March 31, 2023	
Secured	Unsecured	Secured	Unsecured
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
80,105	582,804	100,663	757,914

As at September 30, 2023, the Group's trade receivables amounting to HK\$71.6 million (March 31, 2023: HK\$92.9 million) were transferred to banks by discounting those trade receivables and bills received on a full recourse basis. As the Group had not transferred the significant risks and rewards relating to these receivables, it had continued to recognise the full carrying amount of the receivables and had recognised the cash received on the transfer as secured borrowings amounting to HK\$60.6 million (March 31, 2023: HK\$80.9 million).

As at September 30, 2023, the Group's remaining secured bank borrowings amounting to HK\$19.5 million (March 31, 2023: HK\$19.8 million) had been secured by the pledge of certain bills receivables held by the Group amounting to HK\$21.6 million (March 31, 2023: HK\$23.0 million).

Foreign Exchange Risk Management

The Group operates in Hong Kong, the PRC and Taiwan. It incurred foreign currency risk mainly from sales and purchases that were denominated in currencies other than its functional currencies. Sales are mainly denominated in USD, RMB and HKD whereas purchases are mainly denominated in USD, Japanese yen ("JPY"), RMB and HKD. Therefore, the exposure to foreign exchange rate risks mainly arises from fluctuations in foreign currencies against the functional currencies. Given the pegged foreign exchange rate between HKD and USD, the exposure of entities that use HKD as their respective functional currencies to the fluctuations in USD is minimal. However, foreign exchange rate fluctuations between RMB and USD, RMB and JPY, HKD and JPY, or Taiwan dollars and USD could affect the Group's performance and asset value. The Group has a foreign currency hedging policy to monitor and maintain its foreign exchange exposure at an acceptable level.

Net Gearing Ratio

As at September 30, 2023, the Group's net gearing ratio was 105.6% (March 31, 2023: 78.6%). The net gearing ratio was derived by dividing net debts (representing interest-bearing bank borrowings, trust receipt loans and bills payables minus cash and cash equivalents and restricted bank deposits) by shareholders' equity at the end of a given period and multiplied by 100%. The increase was mainly due to decreases in cash and cash equivalents and shareholders' equity (resulting from the loss in respect of 1H FY2024).

STRATEGY AND PROSPECTS (A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months)

Since 2023, the global economy experienced a significant decline, with the Federal Reserve of the United States continuing to raise interest rates to combat inflation. The economy is still in the process of recovery. On the other hand, the semiconductor market remained in a downward cycle while the electronic components industry was caught in a downturn. Downstream demand showed a structural differentiation trend, with relatively weak demand for consumer electronics while relatively stronger demand for new energy vehicles. Under the current circumstances, the Group's performance has been greatly affected by the decrease in end-market demand, high inventory levels and increased finance costs, and experienced a substantial decline in both overall operating income and net profit.

In the future, the Group will continue to further develop its businesses in the distribution of electronic components and technology solutions, and at the same time, intensify the promotion of its automotive business in order to increase the overall sales of the Automotive segment, with a view to further enhancing the Company's reputation and market position within the industry.

IMPORTANT EVENTS AFFECTING THE GROUP AFTER THE END OF THE INTERIM PERIOD

No important events affecting the Group have occurred after the end of the interim period.

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended September 30, 2023 (1H FY2023: nil) as the Group intends to retain cash for its business operations and future growth.

EMPLOYEES AND REMUNERATION POLICIES

As at September 30, 2023, the Group had a workforce of 382 (March 31, 2023: 377) full-time employees, of which 29.3% worked in Hong Kong, 70.7% in the PRC and the remainder in Taiwan.

The Group actively pursues a strategy of recruiting, retaining and developing talented employees by (i) providing them with regular training programmes to ensure that they are kept abreast of the latest information pertaining to the products distributed by the Group, technological developments and market conditions of the electronics industry; (ii) aligning employees' compensation and incentives or bonus with their performance; and (iii) providing them with a clear career path with opportunities for taking on additional responsibilities and securing promotions. Besides, the Company has adopted an employee share option scheme to reward the directors of the Company (the "Directors") and the eligible employees for their contribution to the Group.

While the Group's employees in Hong Kong and Taiwan are required to participate in the mandatory provident fund scheme and a defined contribution pension scheme respectively, the Group makes contributions to various government-sponsored employee-benefit funds, including social insurance fund, housing fund, basic pension insurance fund and unemployment, maternity and work-related insurance funds for its employees in the PRC in accordance with the applicable PRC laws and regulations.

Further, the remuneration committee of the Board reviews and recommends to the Board the remuneration and compensation packages of the Directors and senior management of the Group by reference to the salaries paid by comparable companies, their time commitment, responsibilities and performance as well as the financial results of the Group.

CHARGES ON THE GROUP'S ASSETS

As at September 30, 2023, the Group pledged certain properties of HK\$99.1 million to secure trust receipt loans of HK\$433.0 million and bank borrowings of HK\$25.0 million (March 31, 2023: nil).

CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at September 30, 2023 (March 31, 2023: nil).

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

During the six months ended September 30, 2023, the Company did not redeem any of its securities listed on the Main Board of the SEHK and the SGX-ST nor did the Company or any of its subsidiaries purchase or sell any of such securities.

COMPLIANCE WITH CORPORATE GOVERNANCE CODES

The Board and the Company's management are committed to maintaining high standards of corporate governance. The Board firmly believes that conducting the Group's business in a transparent and responsible manner and following good corporate governance practices serve its long-term interests and those of the shareholders of the Company (the "Shareholders"). The Board considers that during the six months ended September 30, 2023, the Company had complied with all the code provisions set out in the Corporate Governance Code as set out in Appendix 14 to the HK Listing Rules (the "HK CG Code") and the Code of Corporate Governance 2018 of Singapore (the "Singapore CG Code") except those stated in paragraph 3 of this section.

In the event of any conflict among the HK CG Code, the Singapore CG Code and the bye-laws of the Company, the Company will comply with the most onerous provisions. As such, the Board considers that sufficient measures are in place to ensure the adequateness of the Company's corporate governance practices relating to, amongst others, the appointment, retirement and re-election of Directors (including independent non-executive Directors (the "INEDs")).

Provision 2.2 of the Singapore CG Code stipulates that independent directors make up a majority of the board where the chairman is not independent. Provision 2.3 of the Singapore CG Code stipulates that non-executive directors make up a majority of the board. The Company notes that the Board composition during April 1, 2023 to April 26, 2023 was a variation from Provisions 2.2 and 2.3 of the Singapore CG Code as the Board comprised six members, three of whom were executive Directors and three of whom were INEDs. The Company also notes that the Board composition during May 20, 2023 to August 22, 2023 was a variation from Provisions 2.2 of the Singapore CG Code as (i) the Board comprised seven members, two of whom were non-executive Directors (“NEDs”) (including one of whom was also the Chairman), two of whom were executive Directors and three of whom were INEDs during May 20, 2023 to July 28, 2023 and August 11, 2023 to August 22, 2023; and (ii) the Board comprised six members, two of whom were NEDs (including one of whom was also the Chairman), two of whom were executive Directors and two of whom were INEDs during July 28, 2023 to August 10, 2023. Following the increase of the number of INEDs to four with effect from August 23, 2023, the current Board composition complies with Provisions 2.2 and 2.3 of the Singapore CG Code.

NON-COMPLIANCE WITH RULES 3.10(1) AND 3.21 OF THE HK LISTING RULES

The Company notes that the Board comprised only two INEDs and the audit committee of the Board (the “Audit Committee”) comprised only two members during July 28, 2023 to August 10, 2023, the Board composition was non-compliant with Rules 3.10(1) and 3.21 of the HK Listing Rules and Rule 704(8) of the listing manual of the SGX-ST. Following the appointment of an INED with effect from August 11, 2023, the current Board composition complies with both Rules 3.10(1) and 3.21 of the HK Listing Rules and Rule 704(8) of the listing manual of the SGX-ST.

COMPLIANCE WITH HONG KONG MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the HK Listing Rules (the “HK Model Code”) as its own code of conduct for dealing in the securities of the Company by the Directors. Following a specific enquiry made by the Company with each of the Directors concerned, all of them confirmed that they had complied with the required standards as set out in the HK Model Code throughout the six months ended September 30, 2023.

REVIEW BY AUDIT COMMITTEE

The Board has established the Audit Committee with written terms of reference in compliance with the HK CG Code, the HK Listing Rules, the Singapore CG Code and the Main Board rules of the listing manual of the SGX-ST. The Audit Committee currently comprises all of the four INEDs, namely Lau Chin Huat (committee chairman), Chong Eng Wee, Tso Sze Wai and Jiang Maolin. The Group’s unaudited interim results and the draft interim report of the Company for the six months ended September 30, 2023 (the “Interim Report”) have been reviewed by the Audit Committee.

AUDIT OR REVIEW OF THE FINANCIAL RESULTS

The condensed consolidated financial statements of the Group have been reviewed by the Company's independent auditor, Deloitte & Touche LLP, whose review report will be included in the Interim Report to be sent to the Shareholders.

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

This results announcement is published on the website of the HKEX at www.hkexnews.hk, the website of the Company at www.willas-array.com and the website of the SGX-ST at www.sgx.com. The Interim Report will be despatched to Hong Kong Shareholders whose names appear on the Company's Hong Kong branch register of members. Singapore Shareholders may submit their requests to the Company for a printed copy of the Interim Report. The Interim Report will be published on the respective websites of the HKEX, the Company and the SGX-ST in due course in the manner as required by the HK Listing Rules and the Main Board rules of the listing manual of the SGX-ST.

SUPPLEMENTARY INFORMATION

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

As disclosed in the announcement on profit guidance dated November 23, 2023, no variance between the mentioned announcement and the actual results was noted.

2. *If the Group has obtained a general mandate from Shareholders for interest person transactions (the "IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii) of the Listing Manual of the SGX-ST. If no IPT mandate has been obtained, a statement to that effect*

No general mandate has been obtained from the Shareholders for IPTs.

3. *Negative confirmation on financial results pursuant to Rule 705(5) of the Listing Manual of the SGX-ST*

On behalf of the Board, we confirm that to the best of our knowledge, nothing has come to the attention of the Board, which may render the Group's unaudited financial results for the six months ended September 30, 2023 to be false or misleading in any material aspect.

On behalf of the Board,

Xie Lishu, Chairman
Huang Shaoli

4. *Undertakings from the Directors and Executive Officers pursuant to Rule 720(1) of the Listing Manual of the SGX-ST*

On behalf of the Board, we confirm that we have procured all the required undertakings to comply with the listing manual of the SGX-ST from all the directors and executive officers of the Company.

By Order of the Board
Willas-Array Electronics (Holdings) Limited
Xie Lishu
Chairman and Non-executive Director

Hong Kong/Singapore, November 30, 2023

As at the date of this announcement, the Board comprises two Non-executive Directors, namely Xie Lishu (Chairman) and Huang Shaoli; one Executive Director, Fan Qinsheng; and four Independent Non-executive Directors, namely Chong Eng Wee, Lau Chin Huat, Tso Sze Wai and Jiang Maolin.

In the case of inconsistency, the English text of this announcement shall prevail over the Chinese text.