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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, 2022**

FINANCIAL HIGHLIGHTS

	For the six months ended September 30,		Change %
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	
Revenue	1,782,845	1,785,868	-0.2
Gross profit	169,974	171,049	-0.6
Profit before tax	16,558	55,447	-70.1
Profit attributable to owners of the Company	12,829	43,534	-70.5
Basic earnings per share (HK cents)	14.78	51.09	-71.1

UNAUDITED FINANCIAL RESULTS

The board of directors of Willas-Array Electronics (Holdings) Limited (the “Company” and the “Board”, respectively) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”, “We” or “Our”) for the six months ended September 30, 2022, 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, 2022

		For the six months ended September 30,		Change
	NOTES	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	%
Revenue	3	1,782,845	1,785,868	-0.2
Cost of sales		(1,612,871)	(1,614,819)	-0.1
Gross profit		169,974	171,049	-0.6
Other income		4,495	876	NM
Distribution costs		(16,043)	(15,046)	+6.6
Administrative expenses		(94,414)	(95,021)	-0.6
Other gains and losses		(32,648)	923	NM
Impairment losses reversed under expected credit loss (“ECL”) model, net		–	1,362	NM
Finance costs		(14,806)	(8,696)	+70.3
Profit before tax		16,558	55,447	-70.1
Income tax expense	4	(3,737)	(11,913)	-68.6
Profit for the period	5	12,821	43,534	-70.5
Other comprehensive (expense) income:				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
– Exchange differences arising from translation of foreign operations		(39,845)	4,308	NM
Other comprehensive (expense) income for the period		(39,845)	4,308	NM
Total comprehensive (expense) income for the period		(27,024)	47,842	-156.5

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

For the six months ended September 30, 2022

		For the six months ended September 30,		
	<i>NOTES</i>	2022	2021	Change
		HK\$'000	HK\$'000	%
		(Unaudited)	(Unaudited)	
Profit attributable to:				
Owners of the Company		12,829	43,534	-70.5
Non-controlling interests		(8)	–	NM
		<u>12,821</u>	<u>43,534</u>	-70.5
Total comprehensive (expense) income attributable to:				
Owners of the Company		(27,012)	47,842	-156.5
Non-controlling interests		(12)	–	NM
		<u>(27,024)</u>	<u>47,842</u>	-156.5
Earnings per share	13			
– Basic (HK cents)		<u>14.78</u>	<u>51.09</u>	-71.1
– Diluted (HK cents)		<u>14.66</u>	<u>50.47</u>	-71.0

NM – Not Meaningful

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2022

		As at September 30, 2022	As at March 31, 2022
	<i>NOTES</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment	6	260,920	284,293
Right-of-use assets		12,182	16,093
Investment property		9,951	9,951
Club debentures		2,001	2,001
Interest in an associate		–	–
Financial assets measured at fair value through other comprehensive income ("FVTOCI")		–	–
Long-term deposits		4,153	4,459
Deferred tax assets		504	503
		289,711	317,300
Total non-current assets			
Current assets			
Inventories		466,982	360,393
Trade receivables	7	916,577	862,816
Other receivables, deposits and prepayments		8,328	6,706
Income tax recoverable		4,497	4,567
Derivative financial instruments		4,974	–
Restricted bank deposits		2,195	2,457
Cash and cash equivalents		363,170	327,673
		1,766,723	1,564,612
Total current assets			
Total assets		2,056,434	1,881,912

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

– continued

As at September 30, 2022

		As at September 30, 2022 <i>HK\$'000</i> (Unaudited)	As at March 31, 2022 <i>HK\$'000</i> (Audited)
Current liabilities			
Trade payables	9	424,803	389,528
Other payables		38,447	41,456
Contract liabilities		2,392	9,632
Income tax payable		4,229	5,204
Trust receipt loans		677,893	486,359
Bank borrowings		176,858	124,434
Derivative financial instruments		68	579
Lease liabilities		7,344	7,988
		1,332,034	1,065,180
Total current liabilities			
		434,689	499,432
Net current assets			
		724,400	816,732
Total assets less current liabilities			
Capital, reserves and non-controlling interests			
Share capital	10	87,622	85,777
Reserves		596,783	684,789
		684,405	770,566
Equity attributable to owners of the Company			
Non-controlling interests		70	–
		684,475	770,566
Total equity			
		34,827	38,154
Non-current liabilities			
Deferred tax liabilities		5,098	8,012
Lease liabilities		5,098	8,012
		39,925	46,166
Total non-current liabilities			
		2,056,434	1,881,912
Total liabilities and equity		2,056,434	1,881,912

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended September 30, 2022

	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, 2021 (Audited)	85,207	194,255	22,974	117,441	10,852	(16,448)	(3,561)	276,381	687,101	-	687,101
Total comprehensive income for the period:											
Profit for the period	-	-	-	-	-	-	-	43,534	43,534	-	43,534
Other comprehensive income for the period	-	-	-	-	4,308	-	-	-	4,308	-	4,308
Total	-	-	-	-	4,308	-	-	43,534	47,842	-	47,842
Transactions with owners, recognised directly in equity:											
Recognition of equity-settled share-based payments (Note 11)	-	1,347	-	-	-	-	-	-	1,347	-	1,347
Dividend paid (Note 12)	-	-	-	-	-	-	-	(28,118)	(28,118)	-	(28,118)
Transfer of statutory reserve	-	-	274	-	-	-	-	(274)	-	-	-
Total	-	1,347	274	-	-	-	-	(28,392)	(26,771)	-	(26,771)
At September 30, 2021 (Unaudited)	85,207	195,602	23,248	117,441	15,160	(16,448)	(3,561)	291,523	708,172	-	708,172
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 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)	87,622	199,831	28,308	127,652	(18,243)	(16,448)	(3,561)	279,244	684,405	70	684,475

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

– continued

For the six months ended September 30, 2022

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, 2022

	For the six months ended September 30,	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash (used in) from operating activities <i>(Note)</i>	<u>(136,283)</u>	<u>69,961</u>
Net cash used in investing activities		
Purchase of property, plant and equipment	(2,712)	(2,714)
Proceeds from disposal of property, plant and equipment	<u>200</u>	<u>75</u>
	<u>(2,512)</u>	<u>(2,639)</u>
Net cash from financing activities		
Capital contribution from non-controlling interests of a subsidiary	82	–
Dividend paid to shareholders	(63,964)	(28,118)
Proceeds from exercise of share options	4,815	–
Repayment of trust receipt loans	(1,298,563)	(1,264,864)
Proceeds from trust receipt loans	1,492,052	1,360,220
Repayment of bank borrowings	(311,077)	(366,030)
Proceeds from bank borrowings	364,217	417,221
Repayments of lease liabilities	<u>(4,033)</u>	<u>(4,264)</u>
	<u>183,529</u>	<u>114,165</u>
Net increase in cash and cash equivalents	44,734	181,487
Cash and cash equivalents at beginning of the period	327,673	216,923
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	<u>(9,237)</u>	<u>995</u>
Cash and cash equivalents at end of the period	<u><u>363,170</u></u>	<u><u>399,405</u></u>

Note: During the six months ended September 30, 2022, the Company discounted bills received from customers to banks with recourse to finance its operation and as such, the operating cash flow stated above did not include the related bills settlements of nil (2021: HK\$48,896,000) as it represented non-cash derecognition upon maturity.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended September 30, 2022

1. BASIS OF PREPARATION

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, 2022 are the same as those presented in the Group’s annual financial statements for the year ended March 31, 2022.

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, 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018 – 2020

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 reversed 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, 2022 (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	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

3. SEGMENT INFORMATION – continued

Six months ended September 30, 2021 (Unaudited)

	Trading of electronic components					Total HK\$'000
	Southern China Region	Northern China Region	Taiwan	Sub-total	Elimination	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Revenue						
Sales – external	878,058	868,992	38,818	1,785,868	–	1,785,868
Sales – inter-company	504,364	200,376	3	704,743	(704,743)	–
	1,382,422	1,069,368	38,821	2,490,611	(704,743)	1,785,868
Cost of sales	(1,294,978)	(990,324)	(34,260)	(2,319,562)	704,743	(1,614,819)
Gross profit/segment results	<u>87,444</u>	<u>79,044</u>	<u>4,561</u>	<u>171,049</u>	<u>–</u>	171,049
Other income						876
Distribution costs						(15,046)
Administrative expenses						(95,021)
Other gains and losses						923
Impairment losses reversed under ECL model, net						1,362
Finance costs						(8,696)
Profit before tax						55,447
Income tax expense						(11,913)
Profit attributable to owners of the Company						<u>43,534</u>

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 EXPENSE

**For the six months
ended September 30,**
2022 2021
HK\$'000 *HK\$'000*
(Unaudited) (Unaudited)

The income tax expense comprises:

Current tax:

– Hong Kong	2,806	3,370
– PRC Enterprise Income Tax (“EIT”)	2,208	7,024
– Taiwan	105	401
	5,119	10,795

Under (over) provision in respect of prior period:

– PRC EIT	344	21
– Taiwan	(14)	(88)
	330	(67)

Deferred tax:

– (Credit) charge to the period	(1,712)	1,185
	3,737	11,913
	3,737	11,913

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 31, 2022 and 2021.

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%. The tax rate of the Taiwan subsidiary is 20%.

5. PROFIT FOR THE PERIOD

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

	For the six months ended September 30,	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Cost of inventories recognised as expenses (<i>Note i</i>)	1,612,871	1,614,819
Depreciation of property, plant and equipment	7,503	7,031
Depreciation of right-of-use assets	4,094	4,409
Directors' emoluments (<i>Note ii</i>)	4,424	5,415
Gain on disposal of property, plant and equipment	(200)	(6)
Audit fees paid to auditors		
Auditor of the Company	1,293	1,071
Other auditors	45	84
Non-audit fees paid to auditor		
Auditor of the Company	516	402
Staff costs (excluding directors' emoluments) (<i>Note ii</i>)	63,493	59,012
Net foreign exchange loss (gain)	38,333	(1,218)
Net (gain) loss on fair value changes of derivative financial instruments	(5,485)	301
Share-based payment expense	–	1,347
Interest income from bank deposits	(939)	(243)
Interest expense on borrowings	14,601	8,439
Reversal of impairment losses under ECL model recognised on trade receivables	–	(1,513)
Government grant	(2,832)	–
	<u>1,612,871</u>	<u>1,614,819</u>

Notes:

- (i) During the six months ended September 30, 2022, the amount did not include any reversal of allowance for inventories (2021: nil).
- (ii) During the six months ended September 30, 2022, cost of defined contribution plans amounting to HK\$7,922,000 (2021: HK\$7,665,000), was included in staff costs and directors' emoluments.

6. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment of HK\$2,712,000 (2021: HK\$2,714,000). In addition, the Group disposed of certain property, plant and equipment with a carrying amount of nil (2021: HK\$69,000), resulting in a gain of HK\$200,000 (2021: HK\$6,000).

7. TRADE RECEIVABLES

	As at September 30, 2022 <i>HK\$'000</i> (Unaudited)	As at March 31, 2022 <i>HK\$'000</i> (Audited)
Trade receivables	928,409	904,535
Less: allowance for credit losses	<u>(11,832)</u>	<u>(41,719)</u>
	<u>916,577</u>	<u>862,816</u>

The Group allows a credit period of 30 to 120 days (March 31, 2022: 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, 2022 <i>HK\$'000</i> (Unaudited)	As at March 31, 2022 <i>HK\$'000</i> (Audited)
Within 60 days	602,422	574,161
61 to 90 days	160,273	164,883
Over 90 days	<u>153,882</u>	<u>123,772</u>
	<u>916,577</u>	<u>862,816</u>

8. TRANSFER OF FINANCIAL ASSETS

As at September 30, 2022, the Group's trade receivables amounting to HK\$80,795,000 (March 31, 2022: HK\$43,217,000) 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\$71,243,000 (March 31, 2022: HK\$36,845,000).

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, 2022 HK\$'000 (Unaudited)	As at March 31, 2022 HK\$'000 (Audited)
Within 30 days	262,041	281,386
31 to 60 days	162,762	108,142
	<u>424,803</u>	<u>389,528</u>

10. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$1.00 each		
Authorised		
At April 1, 2021 (Audited), September 30, 2021 (Unaudited), April 1, 2022 (Audited) and September 30, 2022 (Unaudited)	120,000	120,000
Issued and paid up		
At April 1, 2021 (Audited), September 30, 2021 (Unaudited)	85,207	85,207
Exercise of share options	570	570
April 1, 2022 (Audited)	85,777	85,777
Exercise of share options	1,845	1,845
At September 30, 2022 (Unaudited)	<u>87,622</u>	<u>87,622</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.

During the current interim period, share options holders under ESOS III exercised part of their share options and subscribed for 1,845,000 shares of HK\$1.00 each of the Company at an exercise price of HK\$2.61 per share. The weighted average closing price of the Company’s shares immediately before the dates on which the options were exercised was HK\$4.18 per share.

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

	Number of share options
Unexercised share options for ordinary shares at April 1, 2021 (Audited)	4,577,000
Forfeited during the period	<u>(70,000)</u>
Unexercised share options for ordinary shares at September 30, 2021 (Unaudited)	4,507,000
Exercised during the period	<u>(570,000)</u>
Unexercised 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>
Unexercised share options for ordinary shares at September 30, 2022 (Unaudited)	<u><u>1,937,000</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 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 options under ESOS III of the Company have been adjusted accordingly.

During the six months ended September 30, 2021, share-based payment expense of HK\$1,347,000 was recognised in profit or loss. No such expense was recognised during the six months ended September 30, 2022.

12. DIVIDEND

During the six months ended September 30, 2022, a one-tier tax exempt final dividend of HK33.0 cents (2021: HK 33.0 cents) per share and a one-tier tax exempt special dividend of HK40.0 cents (2021: nil) per share were declared and paid to the shareholders of the Company (the “Shareholders”) in respect of the year ended March 31, 2022. The aggregate amount of the final and special dividend paid in the current interim period amounted to HK\$63,964,000 (2021: final dividend paid of HK\$28,118,000).

The Board has resolved not to declare any interim dividend for the six months ended September 30, 2022 (2021: nil).

13. EARNINGS PER SHARE

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

	Group Figures			
	For the six months ended September 30, 2022 (Unaudited)		For the six months ended September 30, 2021 (Unaudited)	
	Basic	Diluted	Basic	Diluted
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit attributable to owners of the Company	<u>12,829</u>	<u>12,829</u>	<u>43,534</u>	<u>43,534</u>
	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of ordinary shares	86,789,590	86,789,590	85,207,049	85,207,049
Adjustment for dilutive potential ordinary shares	<u>–</u>	<u>722,004</u>	<u>–</u>	<u>1,055,329</u>
Weighted average number of ordinary shares used to compute earnings per share	<u>86,789,590</u>	<u>87,511,594</u>	<u>85,207,049</u>	<u>86,262,378</u>
Earnings per share (HK cents)	<u>14.78</u>	<u>14.66</u>	<u>51.09</u>	<u>50.47</u>

14. NET ASSET VALUE

The net asset value per ordinary share on each of the Group and Company level is shown below:

	Group Figures		Company Figures	
	As at	As at	As at	As at
	September 30,	March 31,	September 30,	March 31,
	2022	2022	2022	2022
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Net asset value per ordinary share based on the number of issued shares of the Company at the end of the period/year (HK cents)	<u>781.09</u>	<u>898.34</u>	<u>440.19</u>	<u>515.77</u>

The net asset backing per ordinary share as at September 30, 2022 was based on a total of 87,622,049 (March 31, 2022: 85,777,049) issued ordinary shares.

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

As at September 30, 2022

	As at September 30, 2022 <i>HK\$'000</i> (Unaudited)	As at March 31, 2022 <i>HK\$'000</i> (Audited)
Non-current assets		
Amount due from a subsidiary	33,814	33,814
Interests in subsidiaries	<u>162,165</u>	<u>162,165</u>
Total non-current assets	<u>195,979</u>	<u>195,979</u>
Current assets		
Amounts due from subsidiaries	188,878	249,381
Deposits and prepayments	433	17
Income tax recoverable	–	101
Cash and cash equivalents	<u>3,909</u>	<u>3,588</u>
Total current assets	<u>193,220</u>	<u>253,087</u>
Total assets	<u><u>389,199</u></u>	<u><u>449,066</u></u>
Current liabilities		
Other payables	892	1,510
Income tax payable	33	–
Financial guarantee liabilities	<u>2,571</u>	<u>5,141</u>
Total current liabilities	<u>3,496</u>	<u>6,651</u>
Net current assets	<u>189,724</u>	<u>246,436</u>
Total assets less current liabilities	<u>385,703</u>	<u>442,415</u>
Capital and reserves		
Share capital	87,622	85,777
Reserves	<u>298,081</u>	<u>356,638</u>
Equity attributable to owners of the Company	<u>385,703</u>	<u>442,415</u>
Total liabilities and equity	<u><u>389,199</u></u>	<u><u>449,066</u></u>

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

For the six months ended September 30, 2022

	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, 2021 (Audited)	85,207	194,255	122,982	402,444
Profit for the period, representing total comprehensive income for the period	–	–	887	887
Transactions with owners, recognised directly in equity:				
Recognition of equity-settled share-based payments (Note 11)	–	1,347	–	1,347
Dividend paid (Note 12)	–	–	(28,118)	(28,118)
Total	–	1,347	(28,118)	(26,771)
At September 30, 2021 (Unaudited)	<u>85,207</u>	<u>195,602</u>	<u>95,751</u>	<u>376,560</u>
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 (Note 12)	–	–	(63,964)	(63,964)
Total	1,845	2,856	(63,850)	(59,149)
At September 30, 2022 (Unaudited)	<u>87,622</u>	<u>199,831</u>	<u>98,250</u>	<u>385,703</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group recorded profit attributable to owners of the Company of HK\$12.8 million for the six months ended September 30, 2022 (“1H FY2023”) compared to HK\$43.5 million for the six months ended September 30, 2021 (“1H FY2022”). The decrease was mainly attributable to: (i) a foreign exchange loss of approximately HK\$32.8 million mainly arising from the depreciation of the Renminbi (“RMB”) in 1H FY2023 as compared to 1H FY2022 when there was no significant foreign exchange difference; and (ii) an increase in finance costs mainly due to rising weighted average effective interest rate in 1H FY2023 as compared to 1H FY2022. Excluding the foreign exchange difference, profit attributable to owners of the Company would have been HK\$45.6 million in 1H FY2023 which was better than that of 1H FY2022.

Revenue

The Group’s revenue was marginally lower by 0.2% at HK\$1,782.8 million in 1H FY2023 as compared to HK\$1,785.9 million in 1H FY2022. The Group was able to maintain its revenue despite the tight supply of certain electronic components in the Automotive and Industrial segments and an obvious slowdown in demand for the consumer electronics market. This is due to the Group’s strong commitment to the Automotive, Industrial and Home Appliance segments, which comprise almost 70% of total revenue, as well as the unwavering support from our suppliers. That said, keeping a diverse portfolio of business segments remains a long-term strategy of the Group. This strategy allows the Group to seize other opportunities at the right time and to spread out risks.

Revenue by Market Segment Analysis

	1H FY2023		1H FY2022		Increase/(Decrease)	
	HK\$’000	%	HK\$’000	%	HK\$’000	%
Industrial	465,929	26.1%	553,720	31.0%	(87,791)	-15.9%
Automotive	451,810	25.4%	350,817	19.7%	100,993	28.8%
Home Appliance	301,890	16.9%	352,477	19.7%	(50,587)	-14.4%
Telecommunications	140,485	7.9%	101,777	5.7%	38,708	38.0%
Audio and Video	128,497	7.2%	120,165	6.7%	8,332	6.9%
Electronic Manufacturing						
Services (“EMS”)	110,895	6.2%	77,538	4.3%	33,357	43.0%
Dealer	97,026	5.5%	118,906	6.7%	(21,880)	-18.4%
Lighting	59,373	3.3%	60,940	3.4%	(1,567)	-2.6%
Others	26,940	1.5%	49,528	2.8%	(22,588)	-45.6%
	<u>1,782,845</u>	<u>100.0%</u>	<u>1,785,868</u>	<u>100.0%</u>	<u>(3,023)</u>	<u>-0.2%</u>

Industrial

The Industrial segment is the largest revenue generator of the Group. It achieved revenue of HK\$465.9 million in 1H FY2023, representing a decrease of 15.9% as compared to the same period last year. Although demand was still strong across many applications, such as renewable energy, motors, e-meters and high-power applications, the tight supply of certain electronic components and a slowdown in demand for consumer electronics, especially in energy saving appliances, restricted the growth in revenue. Nevertheless, we remain confident in the long-term prospects of this segment. We will continue investing in our engineering capabilities and expand our sales network.

Automotive

The Group's investment of resources into this segment has continued to pay off. Revenue from the Automotive segment increased by 28.8% to HK\$451.8 million in 1H FY2023 as compared to 1H FY2022. The segment continued to perform strongly because of the Chinese government's robust support for the development of new energy vehicles as part of its strategy to achieve carbon neutrality. Despite the continued shortage in semiconductors for the Automotive segment, the Group has been able to meet the production requirements of its key customers in mainland China with the strong support of its key suppliers.

Home Appliance

Home Appliance, our third largest revenue generating segment, recorded sales of HK\$301.9 million in 1H FY2023, representing a decrease of 14.4% as compared to 1H FY2022. 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. We believe that it is a healthy short-term adjustment because the Chinese government's economic and business support policies remain supportive of domestic consumption and encourages consumers to replace and upgrade their home appliances to energy saving ones. We will continue investing resources in this segment.

Telecommunications

Revenue from the Telecommunications segment increased by 38.0% year-on-year ("YOY") to HK\$140.5 million, contributing 7.9% to total revenue. The increase in revenue was mainly due to higher demand for the Optical Image Stabilisation (OIS) feature of the smartphone camera, although the overall demand for smartphone components has been weak. As a result of our wide customers coverage and constant monitoring of trends, we were able to capitalise on the opportunities that rose from this new feature.

Audio and Video

The Audio and Video segment recorded revenue of HK\$128.5 million in 1H FY2023, representing an increase of 6.9% as compared to 1H FY2022. The higher revenue was driven by key projects in home entertainment and conference devices. Nevertheless, we believe that the consumer electronics market will be extremely challenging in the coming year as we have seen a drawback in demand recently.

EMS

This segment recorded a YOY increase in revenue of 43.0% to HK\$110.9 million in 1H FY2023. The higher revenue was driven by a project we secured in 1H FY2023.

Dealer

The Dealer segment registered revenue of HK\$97.0 million in 1H FY2023, representing a decline of 18.4% as compared to 1H FY2022. Revenue contribution from the segment was impacted by similar constraints faced by the Industrial segment, which was mainly due to a weak demand for consumer electronics.

Lighting

The Lighting segment recorded revenue of HK\$59.4 million in 1H FY2023, representing a YOY decline of 2.6%. The Group is putting more focus on the commercial lighting application rather than the consumer application.

Others

The Others segment registered a YOY decline of 45.6% in revenue to HK\$26.9 million in 1H FY2023. The decline in revenue was due to lower demand for personal computers, electronic toys and portable devices, reflecting a weak consumer spending.

Gross Profit Margin

The Group's gross profit margin slightly narrowed to 9.5% in 1H FY2023 from 9.6% in 1H FY2022.

Other Income

Other income increased by HK\$3.6 million to HK\$4.5 million in 1H FY2023 from HK\$0.9 million in 1H FY2022, mainly due to the non-recurring 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 FY2022.

Distribution Costs

Distribution costs increased by HK\$1.0 million or 6.6% to HK\$16.0 million in 1H FY2023 from HK\$15.0 million in 1H FY2022. The increase was mainly due to an underprovision adjustment of incentive provision for the financial year ended March 31, 2022, which was recognised in 1H FY2023.

Administrative Expenses

Administrative expenses declined by HK\$0.6 million or 0.6% to HK\$94.4 million in 1H FY2023 from HK\$95.0 million in 1H FY2022, as we monitored our expenditure closely.

Other Gains and Losses

Other losses of HK\$32.6 million were incurred in 1H FY2023, due to foreign exchange loss mainly arising from the depreciation of RMB, as compared to other gains of HK\$0.9 million recorded in 1H FY2022, which were due to foreign exchange gain mainly arising from the appreciation of RMB. The Group entered into several foreign currency forward contracts to hedge against the currency risk of depreciation of RMB against the US dollar (“USD”).

Impairment Losses Reversed Under Expected Credit Loss Model, Net

There was a reversal of impairment losses of HK\$1.4 million in 1H FY2022, which was mainly due to the reversal of impairment losses on trade receivables. 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\$6.1 million or 70.3% to HK\$14.8 million in 1H FY2023 from HK\$8.7 million in 1H FY2022. The increase was mainly due to rising weighted average effective interest rate as well as an increase in average trust receipt loans as compared to the same period last year.

LIQUIDITY AND FINANCIAL RESOURCES

Financial Position

Trust receipt loans increased by HK\$191.5 million to HK\$677.9 million as at September 30, 2022, from HK\$486.4 million as at March 31, 2022. The increase was mainly due to the increased purchases towards the end of the current interim period when compared with the purchases towards March 31, 2022.

Trade payables increased to HK\$424.8 million as at September 30, 2022, from HK\$389.5 million as at March 31, 2022.

Trade receivables increased by HK\$53.8 million to HK\$916.6 million as at September 30, 2022, from HK\$862.8 million as at March 31, 2022. The increase was due to higher sales revenue towards the end of the current interim period compared with the sales revenue towards March 31, 2022. The debtors turnover days was 3.1 months as at September 30, 2022, which was the same as at March 31, 2022.

As at September 30, 2022, the Group's current ratio (current assets divided by current liabilities) was 1.33 (March 31, 2022: 1.47).

Inventories

Inventories increased to HK\$467.0 million as at September 30, 2022, from HK\$360.4 million as at March 31, 2022. The inventory turnover days increased to 1.8 months as at September 30, 2022, from 1.4 months as at March 31, 2022.

Cash Flow

As at September 30, 2022, the Group had a working capital of HK\$434.7 million which included a cash balance of HK\$363.2 million, compared to a working capital of HK\$499.4 million which included a cash balance of HK\$327.7 million as at March 31, 2022. The increase in cash by HK\$35.5 million was primarily attributable to the net effect of cash inflow of HK\$183.5 million generated from financing activities and cash outflow of HK\$136.3 million used in operating activities. The Group's cash balance was mainly denominated in USD, RMB and Hong Kong dollars ("HKD").

Cash inflow generated from financing activities was mainly attributable to the increases in trust receipt loans to finance the increased purchases towards September 30, 2022, as compared to the purchases towards March 31, 2022.

Cash outflow in operating activities was mainly due to the net effect of an increase in operating cash flows before movement in working capital and the increases in inventories and trade receivables.

Borrowings and Banking Facilities

As at September 30, 2022, the Group had bank borrowings of HK\$176.9 million, which were repayable within one year. Among the Group's bank borrowings, 50.9% was denominated in USD and 49.1% was denominated in HKD. As at September 30, 2022, the fixed-rate bank borrowings and the variable-rate bank borrowings accounted for 80.8% and 19.2%, respectively. The fixed-rate bank borrowings bore interest at a weighted average effective rate of 4.49% per annum, while variable-rate bank borrowings bore interest at a weighted average effective rate of 4.23% per annum.

As at September 30, 2022, trust receipt loans of HK\$677.9 million were unsecured and repayable within one year and bore interest at a weighted average effective rate of 4.85% per annum. Among the trust receipt loans, 96.9% was denominated in HKD and the remainder was denominated in USD. As at September 30, 2022, the Group had unutilised banking facilities of HK\$790.8 million (March 31, 2022: HK\$980.1 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, 2022		As at March 31, 2022	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
71,243	783,508	49,434	561,359

Amount repayable after one year

As at September 30, 2022		As at March 31, 2022	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
–	–	–	–

As at September 30, 2022, the Group's trade receivables amounting to HK\$80.8 million (March 31, 2022: HK\$43.2 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\$71.2 million (March 31, 2022: HK\$36.8 million).

As at March 31, 2022, the Group's remaining secured bank borrowings amounting to HK\$12.6 million had been secured by the pledge of certain bills receivables held by the Group amounting to HK\$14.0 million (September 30, 2022: nil).

Foreign Exchange Risk Management

The Group operates in Hong Kong, the PRC and Taiwan. It incurred foreign currency risk mainly on 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 in 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, 2022, the Group’s net gearing ratio was 71.8% (March 31, 2022: 37.0%). 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 an increase in trust receipt loans and bank borrowings and a decrease in shareholders’ equity.

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)*

The ongoing geopolitical tensions continue to drive inflationary pressures, pushing central banks around the world to tame inflation by aggressively raising interest rates. This is expected to exacerbate the drag on economic activity, which in turn, gives rise to recessionary risks across the globe amid rising energy prices and volatile material prices.

At the same time, the global chip shortage is alleviating rapidly after a two-year boom triggered by a tight supply and a high demand. This is due to the macroeconomic headwinds which have resulted in significant weakening of demand for consumer electronics such as personal computers and smartphones, and led to cancelled orders for chips.¹

The Group expects the next 12 months to remain challenging. Nevertheless, we remain optimistic about the long-term prospects and sustainability of the business environment in mainland China as we believe that the Chinese government will continue to put in place expedient support measures to stabilise the country’s economy.

¹ The Straits Times article “The sudden reversal of the global chip shortage” dated October 26, 2022.

In view of these challenges, the Group will continue to cautiously invest its resources in key growth segments such as smart and energy saving Home Appliances, Industrial and Automotive, which are receiving the ongoing support of the Chinese government. The Group will also work closely with its suppliers as well as customers to achieve mutually beneficial outcomes for all stakeholders. Lastly, the Group will also remain prudent in managing its operations and maintain a healthy liquidity position to weather the storm.

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, 2022 (1H FY2022: nil) as the Group intends to retain cash for its business operations and future growth.

EMPLOYEES AND REMUNERATION POLICIES

As at September 30, 2022, the Group had a workforce of 379 (March 31, 2022: 359) full-time employees, of which 31.9% worked in Hong Kong, 64.8% 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.

CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at September 30, 2022 (March 31, 2022: nil).

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

During the six months ended September 30, 2022, 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. The Board considers that during the six months ended September 30, 2022, the Company had complied with all the code provisions set out in the Corporate Governance Code as contained 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 more 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. The Company notes that the current Board composition is a variation from Provision 2.2 of the Singapore CG Code as the Board comprises seven members, one of whom is a non-executive Director (who is also the chairman of the Board), three of whom are executive Directors and three of whom are INEDs. The Board has plans for board renewal and orderly succession, will continually review its composition to take into account the recommendation in Provision 2.2 of the Singapore CG Code, and intends to adopt the necessary measures in due course. Such measures may include stepping down of some of the existing Directors (apart from the INEDs) and appointing new independent Directors (preferably female, if suitable candidates are identified, in order to fulfil the gender diversity of the Board) at the appropriate juncture.

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 current Directors, 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, 2022.

REVIEW BY AUDIT COMMITTEE

The Board has established an audit committee (the “Audit Committee”) with written terms of reference in compliance with the HK CG Code and the Main Board rules of the listing manual of the SGX-ST. The Audit Committee currently comprises all of the three INEDs, namely Lim Lee Meng (committee chairman), Tang Wai Loong Kenneth and Tong Kai Cheong. The Group’s unaudited interim results and the Company’s draft interim report for the six months ended September 30, 2022 have been reviewed by the Audit Committee.

AUDIT OR REVIEW OF THE FINANCIAL RESULTS

The condensed consolidated financial statements of the Group and the condensed statement of financial position and condensed statement of changes in equity of the Company as at and for the six months ended September 30, 2022 have been reviewed by the Company’s independent auditor, Deloitte & Touche LLP, whose review report will be included in the Company’s interim report for the six months ended September 30, 2022 (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 register of members of the Company’s Hong Kong branch share registrar and transfer office. 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*

Not applicable. No forecast or prospect statement was previously disclosed to the Shareholders.

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, 2022 to be false or misleading in any material aspect.

On behalf of the Board,

Leung Chun Wah, Chairman
Hon Kar Chun, Managing Director

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
Leung Chun Wah
Chairman and Non-executive Director

Hong Kong/Singapore, November 14, 2022

As at the date of this announcement, the Board comprises one Non-executive Director, Leung Chun Wah (Chairman); three Executive Directors, namely Hon Kar Chun (Managing Director), Leung Hon Shing and Leung Chi Hang Daniel; and three Independent Non-executive Directors, namely Lim Lee Meng, Tang Wai Loong Kenneth and Tong Kai Cheong.

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