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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, 2024**

FINANCIAL HIGHLIGHTS

	For the six months ended September 30,		Change %
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	
Revenue	1,189,829	1,359,457	-12.5
Gross profit	23,933	61,981	-61.4
Loss before tax	(70,395)	(96,712)	-27.2
Loss attributable to owners of the Company	(62,159)	(95,227)	-34.7
Loss per share (HK cents)	(70.89)	(108.68)	-34.8

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, 2024, together with the relevant comparative figures as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended September 30, 2024

		For the six months ended September 30,		Change
	NOTES	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	%
Revenue	3	1,189,829	1,359,457	-12.5
Cost of sales		(1,165,896)	(1,297,476)	-10.1
Gross profit		23,933	61,981	-61.4
Other income		1,118	1,389	-19.5
Distribution costs		(11,074)	(11,201)	-1.1
Administrative expenses		(68,982)	(91,402)	-24.5
Other gains and losses		(3,239)	(16,061)	-79.8
Impairment losses reversed (recognised) under expected credit loss (“ECL”) model, net		6,381	(8,388)	-176.1
Loss on fair value change of investment property		(808)	(1,386)	-41.7
Finance costs		(17,724)	(31,644)	-44
Loss before tax		(70,395)	(96,712)	-27.2
Income tax credit	4	8,235	1,448	NM
Loss for the period	5	(62,160)	(95,264)	-34.7
Other comprehensive income (expense):				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
– Exchange differences arising from translation of foreign operations		2,586	(20,914)	-112.4
Other comprehensive income (expense) for the period		2,586	(20,914)	-112.4
Total comprehensive expense for the period		(59,574)	(116,178)	-48.7

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

For the six months ended September 30, 2024

	NOTES	For the six months ended September 30,		Change %
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	
Loss attributable to:				
Owners of the Company		(62,159)	(95,227)	-34.7
Non-controlling interests		(1)	(37)	-97.3
		<u>(62,160)</u>	<u>(95,264)</u>	-34.7
Total comprehensive expense attributable to:				
Owners of the Company		(59,577)	(116,133)	-48.7
Non-controlling interests		3	(45)	-106.7
		<u>(59,574)</u>	<u>(116,178)</u>	-48.7
Loss per share	15			
– Basic (HK cents)		<u>(70.89)</u>	<u>(108.68)</u>	-34.8
– Diluted (HK cents)		<u>(70.89)</u>	<u>(108.68)</u>	-34.8

NM – Not Meaningful

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2024

		As at September 30, 2024 <i>HK\$'000</i> (Unaudited)	As at March 31, 2024 <i>HK\$'000</i> (Audited)
	<i>NOTES</i>		
Non-current assets			
Property, plant and equipment	6	234,887	240,789
Right-of-use assets		2,610	3,953
Investment property		9,424	10,231
Club debentures		2,001	2,001
Interest in an associate		–	–
Financial assets measured at fair value through other comprehensive income (“FVTOCI”)		–	–
Long-term deposits		2,608	2,622
Deferred tax assets		483	485
		252,013	260,081
Total non-current assets			
Current assets			
Inventories		476,178	707,663
Trade receivables	7	777,525	816,508
Other receivables, deposits and prepayments		3,959	7,845
Amounts due from related companies	10	–	167
Income tax recoverable		4,203	8,708
Cash and cash equivalents		56,759	68,851
		1,318,624	1,609,742
Total current assets			
Total assets			
		1,570,637	1,869,823

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – continued

As at September 30, 2024

		As at September 30, 2024	As at March 31, 2024
	<i>NOTES</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Current liabilities			
Trade payables	9	333,283	735,772
Other payables		15,529	33,356
Contract liabilities		782	3,551
Amounts due to related companies	10	20	–
Income tax payable		976	784
Trust receipt loans		174,579	268,246
Bank borrowings		449,901	297,210
Lease liabilities		1,898	2,354
Loans from the ultimate holding company	11	133,038	–
Total current liabilities		<u>1,110,006</u>	<u>1,341,273</u>
Net current assets		<u>208,618</u>	<u>268,469</u>
Total assets less current liabilities		<u>460,631</u>	<u>528,550</u>
Capital, reserves and non-controlling interests			
Share capital	12	87,692	87,622
Reserves		355,492	414,864
Equity attributable to owners of the Company		443,184	502,486
Non-controlling interests		–	89
Total equity		<u>443,184</u>	<u>502,575</u>
Non-current liabilities			
Deferred tax liabilities		16,743	24,335
Lease liabilities		704	1,640
Total non-current liabilities		<u>17,447</u>	<u>25,975</u>
Total liabilities and equity		<u><u>1,570,637</u></u>	<u><u>1,869,823</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended September 30, 2024

	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, 2023 (Audited)	87,622	199,780	28,771	125,090	(5,355)	(16,448)	(3,561)	274,651	690,550	66	690,616
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>
At April 1, 2024 (Audited)	87,622	199,028	26,175	113,581	(18,814)	(16,448)	(3,561)	114,903	502,486	89	502,575
Total comprehensive expense for the period:											
Loss for the period	-	-	-	-	-	-	-	(62,159)	(62,159)	(1)	(62,160)
Other comprehensive income for the period	-	-	-	-	2,582	-	-	-	2,582	4	2,586
Total	-	-	-	-	2,582	-	-	(62,159)	(59,577)	3	(59,574)
Transactions with owners, recognised directly in equity:											
Capital contribution from non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	-	-
Dissolution of subsidiaries	-	-	-	-	6	-	86	-	92	(92)	-
Exercise of share options	70	113	-	-	-	-	-	-	183	-	183
Share options forfeited	-	(503)	-	-	-	-	-	503	-	-	-
Transfer of statutory reserve	-	-	125	-	-	-	-	(125)	-	-	-
Total	70	(390)	125	-	6	-	86	378	275	(92)	183
At September 30, 2024 (Unaudited)	<u>87,692</u>	<u>198,638</u>	<u>26,300</u>	<u>113,581</u>	<u>(16,226)</u>	<u>(16,448)</u>	<u>(3,475)</u>	<u>53,122</u>	<u>443,184</u>	<u>-</u>	<u>443,184</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – continued

For the six months ended September 30, 2024

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\$3,475,000 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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended September 30, 2024

	For the six months ended September 30,	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash used in operating activities	<u>(199,022)</u>	<u>(58,595)</u>
Net cash from (used in) investing activities		
Purchase of property, plant and equipment	(124)	(2,159)
Proceeds from disposal of property, plant and equipment	<u>444</u>	<u>–</u>
	<u>320</u>	<u>(2,159)</u>
Net cash from (used in) financing activities		
Capital contribution from non-controlling interests of a subsidiary	–	102
Proceeds from exercise of share options	183	–
Repayments of trust receipt loans	(615,610)	(1,151,840)
Proceeds from trust receipt loans	523,065	952,984
Repayments of bank borrowings	(636,499)	(441,026)
Proceeds from bank borrowings	785,724	449,633
Proceeds from loans from the ultimate holding company	133,038	–
Repayments of lease liabilities	<u>(1,475)</u>	<u>(4,299)</u>
	<u>188,426</u>	<u>(194,446)</u>
Net decrease in cash and cash equivalents	(10,276)	(255,200)
Cash and cash equivalents at beginning of the period	68,851	317,230
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	<u>(1,816)</u>	<u>(4,030)</u>
Cash and cash equivalents at end of the period	<u><u>56,759</u></u>	<u><u>58,000</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended September 30, 2024

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.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2024, except for the adoption of the following revised International Financial Reporting Standards (“IFRSs”) for the first time for the current period’s financial statements.

2. PRINCIPAL ACCOUNTING POLICIES – continued

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current (the “2020 Amendments”)
Amendments to IAS 1	Non-current Liabilities with Covenants (the “2022 Amendments”)
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The nature and impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 April 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim 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 (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, 2024 (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	570,519	587,043	32,267	1,189,829	–	1,189,829
Sales – inter-company	285,322	280,889	881	567,092	(567,092)	–
	855,841	867,932	33,148	1,756,921	(567,092)	1,189,829
Cost of sales	(846,733)	(857,214)	(29,041)	(1,732,988)	567,092	(1,165,896)
Gross profit/segment results	9,108	10,718	4,107	23,933	–	23,933
Other income						1,118
Distribution costs						(11,074)
Administrative expenses						(68,982)
Other gains and losses						(3,239)
Impairment losses reversed under ECL model, net						6,381
Loss on fair value change of investment property						(808)
Finance costs						(17,724)
Loss before tax						(70,395)
Income tax credit						8,235
Loss for the period						(62,160)
Loss attributable to non-controlling interests						1
Loss attributable to owners of the Company						(62,159)

3. SEGMENT INFORMATION – continued

Six months ended September 30, 2023 (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	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	<u>23,287</u>	<u>33,402</u>	<u>5,292</u>	<u>61,981</u>	<u>–</u>	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						<u>(95,227)</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 CREDIT

For the six months
ended September 30,
2024 2023
HK\$'000 *HK\$'000*
(Unaudited) (Unaudited)

The income tax credit comprises:

Current tax:

– Hong Kong	142	139
– PRC Enterprise Income Tax (the “EIT”)	84	963
– Taiwan	668	75
	894	1,177

(Over) under provision in respect of prior period:

– PRC EIT	(1,414)	70
– Taiwan	(43)	10
	(1,457)	80

Deferred tax:

– Credit to the period	(7,672)	(2,705)
	(8,235)	(1,448)

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, 2024 and 2023.

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% (2023: 25%). The tax rate of the Taiwan subsidiary is 20% (2023: 20%).

5. LOSS FOR THE PERIOD

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

	For the six months ended September 30,	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories recognised as expenses (<i>Note i</i>)	1,165,896	1,297,476
Depreciation of property, plant and equipment	6,707	7,546
Depreciation of right-of-use assets	1,350	4,055
Directors' emoluments (<i>Note ii</i>)	1,770	2,974
Gain on disposal of property, plant and equipment	(77)	–
Audit fees		
Paid to auditor of the Company	381	381
Paid to other auditors	998	1,003
Non-audit fees		
Paid to auditor of the Company	115	115
Paid to other auditors	473	409
Staff costs (excluding directors' emoluments) (<i>Note ii</i>)	44,017	54,860
Net foreign exchange loss	3,316	15,431
Net loss on fair value changes of derivative financial instruments	–	630
Interest income from bank deposits	(272)	(966)
Interest expense on borrowings	17,646	31,481
	<u>17,646</u>	<u>31,481</u>

Notes:

- (i) During the six months ended September 30, 2024, the amount included allowance for inventories amounting to HK\$49,846,000 (2023: 36,955,000).
- (ii) During the six months ended September 30, 2024, cost of defined contribution plans amounting to HK\$7,155,000 (2023: HK\$8,558,000) 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\$124,000 (2023: HK\$2,159,000). In addition, the Group disposed of certain property, plant and equipment with a carrying amount of HK\$367,000 (2023: nil), resulting in a gain of HK\$77,000 (2023: nil).

7. TRADE RECEIVABLES

	As at September 30, 2024 <i>HK\$'000</i> (Unaudited)	As at March 31, 2024 <i>HK\$'000</i> (Audited)
Trade receivables	790,756	836,007
Less: allowance for credit losses	<u>(13,231)</u>	<u>(19,499)</u>
	<u><u>777,525</u></u>	<u><u>816,508</u></u>

The Group allows a credit period of 30 to 120 days (March 31, 2024: 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, 2024 <i>HK\$'000</i> (Unaudited)	As at March 31, 2024 <i>HK\$'000</i> (Audited)
Within 60 days	542,548	470,443
61 to 90 days	105,225	115,617
Over 90 days	<u>129,752</u>	<u>230,448</u>
	<u><u>777,525</u></u>	<u><u>816,508</u></u>

8. TRANSFER OF FINANCIAL ASSETS

As at September 30, 2024, the Group's trade receivables amounting to HK\$276,839,000 (March 31, 2024: HK\$162,834,000) 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\$258,196,000 (March 31, 2024: HK\$142,481,000).

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, 2024 <i>HK\$'000</i> (Unaudited)	As at March 31, 2024 <i>HK\$'000</i> (Audited)
Within 30 days	305,602	546,609
31 to 60 days	27,678	189,163
61 to 90 days	3	–
	<u>333,283</u>	<u>735,772</u>

10. AMOUNTS DUE (TO) FROM RELATED COMPANIES

	As at September 30, 2024 <i>HK\$'000</i> (Unaudited)	As at March 31, 2024 <i>HK\$'000</i> (Audited)
Trade balance	<u>(20)</u>	<u>167</u>

Amounts due (to) from related companies are trade-related, unsecured, interest-free and with a credit period of 30 days.

Note: Shanghai YCT Electronics Group Co., Ltd. (“Shanghai YCT”) (listed on ChiNext Board of the Shenzhen Stock Exchange) and its subsidiaries are defined as related companies.

11. LOANS FROM THE ULTIMATE HOLDING COMPANY

Shanghai YCT, the controlling shareholder of the Company, granted two loans of RMB70,000,000 and RMB50,000,000 to the Company’s wholly-owned subsidiaries on September 29, 2024, aggregating RMB120,000,000. These loans are unsecured and repayable in one year. The effective interest rate of these loans is 6.8% per annum.

12. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$1.0 each		
Authorised		
At April 1, 2023 (Audited), September 30, 2023 (Unaudited), April 1, 2024 (Audited) and September 30, 2024 (Unaudited)	120,000	120,000
Issued and paid up		
At April 1, 2023 (Audited), September 30, 2023 (Unaudited) and April 1, 2024 (Audited)	87,622	87,622
Exercise of share options	70	70
At September 30, 2024 (Unaudited)	87,692	87,692

The Company has no treasury shares.

13. 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 70,000 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\$3.18 per share.

13. SHARE-BASED PAYMENTS – continued

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, 2023 (Audited)	1,867,000
Forfeited during the period	<u>(115,000)</u>
Outstanding share options for ordinary shares at September 30, 2023 (Unaudited)	1,752,000
Forfeited during the period	<u>(739,500)</u>
Outstanding share options for ordinary shares at April 1, 2024 (Audited)	1,012,500
Forfeited during the period	(595,500)
Exercised during the period	<u>(70,000)</u>
Outstanding share options for ordinary shares at September 30, 2024 (Unaudited)	<u><u>347,000</u></u>

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.

14. DIVIDEND

No dividend was declared and paid during the six months ended September 30, 2024 and 2023.

The Board has resolved not to declare any interim dividend for the six months ended September 30, 2024 (2023: nil).

15. LOSS PER SHARE

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

	For the six months ended	
	September 30	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the purposes of basic and diluted loss per share (loss for the period attributable to owners of the Company)	<u>(62,159)</u>	<u>(95,227)</u>
	For the six months ended	
	September 30	
	2024	2023
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>87,683</u>	<u>87,622</u>
Effect of dilutive potential ordinary shares:		
Share options	<u>—</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u>87,683</u>	<u>87,622</u>

The computation of diluted loss per share for the six months ended September 30, 2024 and 2023 did not assume the exercise of share options granted by the Company since their assumed exercise would result in a decrease in loss per share for the periods.

16. 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 September 30, 2024 (Unaudited)	As at March 31, 2024 (Audited)	As at September 30, 2024 (Unaudited)	As at March 31, 2024 (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)	505.39	573.47	455.50	452.45

The net asset backing per ordinary share as at September 30, 2024 was based on a total of 87,692,049 (March 31, 2024: 87,622,049) issued ordinary shares.

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

As at September 30, 2024

	As at September 30, 2024 <i>HK\$'000</i> (Unaudited)	As at March 31, 2024 <i>HK\$'000</i> (Audited)
Non-current assets		
Amount due from a subsidiary	33,814	33,814
Interests in subsidiaries	<u>177,255</u>	<u>177,255</u>
Total non-current assets	<u>211,069</u>	<u>211,069</u>
Current assets		
Amounts due from subsidiaries	196,123	197,391
Deposits and prepayments	67	167
Income tax recoverable	–	247
Cash and cash equivalents	<u>1,197</u>	<u>261</u>
Total current assets	<u>197,387</u>	<u>198,066</u>
Total assets	<u><u>408,456</u></u>	<u><u>409,135</u></u>
Current liabilities		
Amount due to a subsidiary	4,924	5,013
Other payables	449	951
Income tax payable	281	–
Financial guarantee liabilities	<u>3,362</u>	<u>6,723</u>
Total current liabilities	<u>9,016</u>	<u>12,687</u>
Net current assets	<u>188,371</u>	<u>185,379</u>
Total assets less current liabilities	<u>399,440</u>	<u>396,448</u>
Capital and reserves		
Share capital	87,692	87,622
Reserves	<u>311,748</u>	<u>308,826</u>
Equity attributable to owners of the Company	<u>399,440</u>	<u>396,448</u>
Total liabilities and equity	<u><u>408,456</u></u>	<u><u>409,135</u></u>

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

For the six months ended September 30, 2024

	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, 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)	<u>87,622</u>	<u>199,695</u>	<u>104,971</u>	<u>392,288</u>
At April 1, 2024 (Audited)	87,622	199,028	109,798	396,448
Profit for the period, representing total comprehensive income for the period	–	–	2,809	2,809
Transactions with owners, recognised directly in equity:				
Exercise of share options	70	113	–	183
Share options forfeited	–	(503)	503	–
Total	70	(390)	503	183
At September 30, 2024 (Unaudited)	<u>87,692</u>	<u>198,638</u>	<u>113,110</u>	<u>399,440</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group narrowed its loss attributable to owners of the Company to HK\$62.2 million for the six months ended September 30, 2024 (“1H FY2025”) from HK\$95.2 million for the six months ended September 30, 2023 (“1H FY2024”). The loss in 1H FY2025 was mainly due to:

- (i) global uncertainties leading to economic downturn, weak demand in the end-markets and the high interest rate environment. As a result, the Group achieved a sales revenue of HK\$1,189.8 million, representing a year-on-year (“YOY”) decrease of 12.5% as compared to 1H FY2024;
- (ii) stagnant consumption in end-markets and weak demand in the semiconductor market, as well as intense price competition. To actively reduce inventory, the Group has taken proactive measures to offer discounts and this has exerted short-term pressure on gross profit margins. Consequently, the adjusted gross profit margin stood at 6.2% (excluding the impact of stock provision), representing a decrease of 1.1% as compared to 1H FY2024;
- (iii) an increase in stock provision of HK\$49.8 million for slow-moving inventories due to a slowdown of market demand in 1H FY2025 as compared to an increase of HK\$37.0 million in 1H FY2024;
- (iv) a reversal of net impairment losses of HK\$6.4 million recognised under expected credit loss model in 1H FY2025 as compared to net impairment losses of HK\$8.4 million recognised under expected credit loss model in 1H FY2024; and
- (v) a decrease in finance costs of HK\$13.9 million mainly due to the lower level of bank borrowings in 1H FY2025 as compared to 1H FY2024 and the lowered weighted average effective interest rate in 1H FY2025 as compared to 1H FY2024.

The adjusted loss attributable to owners of the Company would have been HK\$15.5 million in 1H FY2025, if excluding the stock provision of HK\$49.8 million, the reversal of net impairment losses recognised under expected credit loss model of HK\$6.4 million, and the net exchange loss of HK\$3.3 million.

Revenue

The Group’s revenue decreased by 12.5% to HK\$1,189.8 million in 1H FY2025 as compared to HK\$1,359.5 million in 1H FY2024. This was due to a decline in sales across all its segments except for the Industrial and Dealer segments.

Revenue by Market Segment Analysis

	1H FY2025		1H FY2024		Increase/(Decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Industrial	314,869	26.5%	280,374	20.6%	34,495	12.3%
Automotive	305,183	25.6%	401,408	29.5%	(96,225)	-24.0%
Home Appliance	211,852	17.8%	248,815	18.3%	(36,963)	-14.9%
Electronic						
Manufacturing						
Services (“EMS”)	102,598	8.6%	125,361	9.2%	(22,763)	-18.2%
Dealer	92,261	7.8%	79,786	5.9%	12,475	15.6%
Audio and Video	82,852	7.0%	83,654	6.2%	(802)	-1.0%
Telecommunications	48,630	4.1%	92,433	6.8%	(43,803)	-47.4%
Lighting	20,448	1.7%	33,442	2.5%	(12,994)	-38.9%
Others	11,136	0.9%	14,184	1.0%	(3,048)	-21.5%
	<u>1,189,829</u>	<u>100.0%</u>	<u>1,359,457</u>	<u>100.0%</u>	<u>(169,628)</u>	<u>-12.5%</u>

Industrial

The Industrial segment recorded a revenue of HK\$314.9 million in 1H FY2025, representing an increase of approximately 12.3% compared to the same period last year. The growth was driven mainly by the PRC Government’s “Made in China 2025” initiative¹, which emphasizes the transformation of China into a high-tech manufacturing leader, with intelligent automation as a core element. The Group was able to leverage this initiative and its own experience in this segment to drive sales and achieve healthy growth.

Automotive

Revenue from the Automotive segment decreased by approximately 24.0% from approximately HK\$401.4 million in 1H FY2024 to HK\$305.2 million in 1H FY2025. The decline in sales was a result of a buildup in inventory of new energy vehicle parts and components in 1H FY2025, which depressed the selling price and sales volume of the Automotive segment. However with the global push towards net zero and the growing international demand for new energy vehicles with smart vehicle-road-cloud integrated systems, the potential of this segment remains strong and it continues to enjoy support from the PRC Government.

¹ Smart Manufacturing In China Supported by Made in China 2025

Home Appliance

The Home Appliance segment, which is the third largest revenue generating segment, recorded sales of HK\$211.9 million in 1H FY2025, representing a decrease of approximately 14.9% as compared to 1H FY2024. 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 real estate 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 to ensure that its stock levels is in line with customer demand.

EMS

Revenue from this segment decreased approximately 18.2% YOY to HK\$102.6 million in 1H FY2025. The performance of this segment reflected a challenging export environment.

Dealer

The Dealer segment recorded revenue of HK\$92.3 million in 1H FY2025, representing an increase of approximately 15.6% as compared to 1H FY2024. To clear inventory, the Group offered discounts and promotions through its dealers, hence driving up the sales volume in this segment.

Audio and Video

The Audio and Video segment recorded a revenue of HK\$82.9 million in 1H FY2025, representing a decrease of approximately 1.0% as compared to 1H FY2024. While challenges remain, the Group expects AI-driven enhancements to drive positive growth for the market.

Telecommunications

Revenue from the Telecommunications segment decreased by 47.4% YOY to HK\$48.6 million mainly due to weak demand for mobile phones.

Lighting

The Lighting segment recorded a revenue of HK\$20.4 million in 1H FY2025, representing a YOY decline of 38.9%. This decline followed the previous year's trend of weak demand in the consumer and commercial lighting markets.

Others

The Others segment recorded a YOY decline of approximately 21.5% in revenue to HK\$11.1 million. The overall market decline in 2024 was due to weak consumer demand, which dragged down sales of personal computers, electronic toys and portable devices. Looking ahead, the Group expects emerging areas such as autonomous driving, low-altitude airspace economy and robotics to bring opportunities for growth. The Group has allocated resources to these areas as part of its future plans.

Gross Profit Margin

The Group's gross profit margin fell to 2.0% in 1H FY2025 from 4.6% in 1H FY2024 because of a stock provision of HK\$49.8 million for slow-moving inventories made in 1H FY2025 as compared to a stock provision of HK\$37.0 million in 1H FY2024. The increase in stock provision was primarily due to (i) the significant pricing pressure due to the weak market demand that led to intense price wars; and (ii) the efforts to clear old inventory to avoid further price erosion in light of the pricing pressure.

Excluding the stock provision, the adjusted gross profit margin in 1H FY2025 would have been 6.2% from 7.3% in 1H FY2024.

Other Income

Other income decreased by HK\$0.3 million to HK\$1.1 million in 1H FY2025 from HK\$1.4 million in 1H FY2024, mainly due to the decrease of interest income from bank deposits.

Distribution Costs

Distribution costs decreased by HK\$0.1 million or 1.1% to HK\$11.1 million in 1H FY2025 from HK\$11.2 million in 1H FY2024. This was mainly due to the net effect of (i) an increase in incentive provision for 1H FY2025 and (ii) a decrease in promotional expenses for 1H FY2025.

Administrative Expenses

Administrative expenses declined by HK\$22.4 million or 24.5% to HK\$69.0 million in 1H FY2025 from HK\$91.4 million in 1H FY2024. This was mainly due to a decrease in staff costs of approximately HK\$13.9 million in 1H FY 2025 due to the Group's proactive review and streamlining of its cost structure, aimed at achieving better capital efficiency across its operations.

Other Gains and Losses

Other losses of HK\$3.2 million were incurred in 1H FY2025. The decrease in other losses was mainly due to the decrease in exchange loss amounting approximately HK\$12.1 million arising from the depreciation of the Renminbi ("RMB") against the Hong Kong dollars ("HKD") in 1H FY2025 as compared to 1H FY2024.

Impairment Losses Reversed (Recognised) Under Expected Credit Loss Model, Net

There was a reversal of impairment losses of HK\$6.4 million on trade receivables in 1H FY2025 due to over-provision adjustment on trade receivables in FY2024, which was reversed in 1H FY2025.

Finance Costs

Finance costs, which comprise interest expenses on trust receipt loans, bank borrowings, loans from the ultimate holding company and interest on lease liabilities, decreased by HK\$13.9 million or 44.0% to HK\$17.7 million in 1H FY2025 from HK\$31.6 million in 1H FY2024. The decrease was mainly due to a lower level of bank borrowings and lower 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\$93.6 million to HK\$174.6 million as at September 30, 2024, from HK\$268.2 million as at March 31, 2024. 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, 2024.

Trade payables decreased to HK\$333.3 million as at September 30, 2024, from HK\$735.8 million as at March 31, 2024.

Trade receivables decreased by HK\$39.0 million to HK\$777.5 million as at September 30, 2024, from HK\$816.5 million as at March 31, 2024. The decrease was due to the enhanced credit control and collection efforts by the Group in 1H FY2025.

As at September 30, 2024, the Group's current ratio (current assets divided by current liabilities) was 1.19 (March 31, 2024: 1.20).

Inventories

Inventories decreased to HK\$476.2 million as at September 30, 2024, from HK\$707.7 million as at March 31, 2024. The inventory turnover days decreased to 2.5 months as at September 30, 2024, from 3.4 months as at March 31, 2024.

Cash Flow

As at September 30, 2024, the Group had a working capital of HK\$208.6 million which included a cash balance of HK\$56.8 million, as compared to a working capital of HK\$268.5 million which included a cash balance of HK\$68.9 million as at March 31, 2024. The decrease in cash by HK\$12.1 million was primarily attributable to the net effect of cash outflow of HK\$199.0 million used in operating activities and cash inflow of HK\$188.4 million from financing activities. The Group's cash balance was mainly denominated in USD, RMB and HKD.

Cash outflow in operating activities was mainly due to the net effect of a decrease in inventories and a decrease in trade payables.

Cash inflow from financing activities was mainly attributable to proceeds from loans from the ultimate holding company in 1H FY2025.

Borrowings and Banking Facilities

As at September 30, 2024, the Group had bank borrowings of HK\$449.9 million, which were repayable within one year. Among the Group's bank borrowings, 16.6% was denominated in USD and 1.8% was denominated in HKD and the remainder was denominated in RMB. As at September 30, 2024, the fixed-rate bank borrowings and the variable-rate bank borrowings accounted for 88.5% and 11.5%, respectively. The fixed-rate bank borrowings bore interest at a weighted average effective rate of 3.20% per annum, while variable-rate bank borrowings bore interest at a weighted average effective rate of 6.20% per annum.

As at September 30, 2024, trust receipt loans of HK\$174.6 million were unsecured and repayable within one year and bore interest at a weighted average effective rate of 7.4% per annum. 100% of the trust receipt loans was denominated in USD. As at September 30, 2024, the Group had unutilised banking facilities of HK\$259.5 million (March 31, 2024: HK\$489.6 million).

As at September 30, 2024, the Group had loans from the ultimate holding company of HK\$133.0 million (March 31, 2024: nil), which were unsecured and repayable within one year. The effective interest rate of these loans was 6.8% per annum.

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, 2024		As at March 31, 2024	
Secured	Unsecured	Secured	Unsecured
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
519,291	105,189	489,549	75,908

As at September 30, 2024, the Group's trade receivables amounting to HK\$276.8 million (March 31, 2024: HK\$102.4 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\$258.2 million (March 31, 2024: HK\$142.5 million).

As at September 30, 2024, the Group's remaining secured bank borrowings amounting to HK\$21.8 million (March 31, 2024: HK\$78.8 million) had been secured by the pledge of certain bills receivables held by the Group amounting to HK\$13.8 million (March 31, 2024: HK\$13.1 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, 2024, the Group's net gearing ratio was 159.7% (March 31, 2024: 99.5%). The net gearing ratio was derived by dividing net debts (representing interest-bearing bank borrowings, trust receipt loans, loans from the ultimate holding company 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 increase in loans from the ultimate holding company, decreases in cash and cash equivalents and shareholders' equity (resulting from the loss in respect of 1H FY2025).

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 Group expects the next 12 months to be challenging due to uncertainties in the global economy. Prolonged geopolitical conflicts in Eastern Europe and the Middle East has led to weak consumer and business sentiment and trade tensions between the US and the PRC are also expected to contribute to a difficult business environment. Although business activities in the PRC market has picked up, the overall recovery still fell short of expectations. Many dealers and original equipment manufacturers are still in the process of destocking, a situation that is expected to continue in 2024 and until the economy potentially recovers in 2025.

In view of the complex economic environment, the Group, with its diversified business model, has been proactively seizing opportunities in high-growth sectors such as automotive electrification and new energy appliances, and has made these sectors a key focus of its development. The Group will continue to put more investments into gaining market share while keeping an eye out for potential opportunities in other business segments. It will also work closely with customers to provide value-added solutions.

The Group is optimistic about the outlook for the electronics components distribution industry, underpinned by sustained global demand for advanced technologies, industrial digitization, and increasing adoption of innovative devices across multiple sectors. In keeping with current trends, the Group has invested in R&D to expand its capabilities and has increased its focus on opportunities in artificial intelligence, particularly in generative AI applications, which it believes will drive growth in energy demand and efficiency.

Looking ahead, the Group will continue to leverage its more than four decades of industry-leading experience to respond nimbly to the uncertain business environment. At the same time, it will increase efficiency and reduce costs, improve profitability and endeavour to enhance its competitive position in the electronic components and automotive electronics markets.

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

Reference is made to the Company's announcement dated October 21, 2024 in relation to the change of the Company's financial year end date from March 31 to December 31. Accordingly, the next financial year end date of the Company will be December 31, 2024 and the next audited consolidated financial statements of the Company to be published will cover the period of 9 months commencing on April 1, 2024 and ending on December 31, 2024.

Save as disclosed in this announcement, there were no other 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, 2024 (1H FY2024: nil) as the Group intends to retain cash for its business operations and future growth.

EMPLOYEES AND REMUNERATION POLICIES

As at September 30, 2024, the Group had a workforce of 310 (March 31, 2024: 325) full-time employees, of which 19.4% worked in Hong Kong, 76.5% 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, 2024, the Group pledged certain properties of HK\$147.8 million (March 31, 2024: HK\$95.0 million) to secure trust receipt loans of HK\$174.6 million (March 31, 2024: HK\$268.2 million) and bank borrowings of HK\$138.2 million (March 31, 2024: nil).

CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at September 30, 2024 (March 31, 2024: nil).

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

During the six months ended September 30, 2024, 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 (including the sale of treasury shares). As at September 30, 2024, there were no treasury shares (as defined under the HK Listing Rules) held by the Company.

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, 2024, the Company had complied with all the code provisions set out in the Corporate Governance Code as contained in Part 2 of Appendix C1 to the HK Listing Rules (the "HK CG Code") and the Code of Corporate Governance 2018 of Singapore (the "Singapore CG Code").

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")).

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 C3 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, 2024.

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, 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 Company's draft interim report for the six months ended September 30, 2024 have been reviewed by the Audit Committee and is of the opinion that the preparation of the statements complies with the applicable accounting standards and that adequate disclosures have been made.

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.cn 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.

CONTINUED SUSPENSION OF SECURITIES TRADING

Pursuant to the announcement of the Company dated September 30, 2024, at the request of the Company, trading in the shares of the Company on the SEHK only has been halted with effect from 9:00 a.m. on September 30, 2024 pending the public float of the Company to be restored. Trading in the shares of the Company will remain suspended until further notice.

Holders of the Company’s securities and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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 8 November 2024, no material 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, 2024 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 Executive Director

Hong Kong/Singapore, November 22, 2024

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