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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 FINANCIAL RESULTS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED
DECEMBER 31, 2019**

FINANCIAL HIGHLIGHTS

	For the nine months ended December 31,		Change %
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	
Revenue	2,523,829	3,017,671	-16.4
Gross profit	156,243	280,555	-44.3
(Loss) profit before tax	(59,991)	6,041	NM
(Loss) profit attributable to owners of the Company	(60,324)	300	NM
Basic (loss) earnings per share (HK cents)	(70.80)	0.35	NM
NM – Not Meaningful			

UNAUDITED FINANCIAL RESULTS

The board of directors of Willas-Array Electronics (Holdings) Limited (the “Company” and the “Board”, respectively) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”, “We” or “Our”) for the third quarter (“3Q FY2020”) and nine months ended December 31, 2019 (“YTD 3Q FY2020”), together with the comparative figures for the third quarter (“3Q FY2019”) and nine months ended December 31, 2018 (“YTD 3Q FY2019”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the third quarter and nine months ended December 31, 2019

	NOTE	For the three months ended December 31,		Change %	For the nine months ended December 31,		Change %
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	
Revenue		851,422	862,846	-1.3	2,523,829	3,017,671	-16.4
Cost of sales		(794,388)	(789,501)	+0.6	(2,367,586)	(2,737,116)	-13.5
Gross profit		57,034	73,345	-22.2	156,243	280,555	-44.3
Other income		1,089	1,013	+7.5	2,708	2,633	+2.8
Distribution costs		(8,086)	(10,946)	-26.1	(23,474)	(35,026)	-33.0
Administrative expenses		(49,727)	(52,775)	-5.8	(148,017)	(167,436)	-11.6
Other gains and losses		4,156	(5,848)	NM	(12,542)	(39,909)	-68.6
Impairment losses, net of reversal		-	-	-	(6,700)	-	NM
Finance costs		(8,899)	(12,903)	-31.0	(28,209)	(34,776)	-18.9
(Loss) profit before tax		(4,433)	(8,114)	-45.4	(59,991)	6,041	NM
Income tax expense		(71)	1,689	NM	(333)	(5,741)	-94.2
(Loss) profit for the period	3	(4,504)	(6,425)	-29.9	(60,324)	300	NM
Other comprehensive income (expense):							
<i>Items that will not be reclassified to profit or loss:</i>							
- Gain on revaluation of leasehold land and building transferred to investment property		-	-	-	7,355	-	NM
- Income tax relating to gain recognised in other comprehensive income		-	-	-	(5,018)	-	NM
		-	-	-	2,337	-	NM

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

For the third quarter and nine months ended December 31, 2019

	NOTE	For the three months ended December 31,		Change %	For the nine months ended December 31,		Change %
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	
<i>Item that may be reclassified subsequently to profit or loss:</i>							
- Exchange differences on translation of foreign operations		<u>2,574</u>	<u>(2,284)</u>	NM	<u>(11,829)</u>	<u>(24,246)</u>	-51.2
Other comprehensive income (expense) for the period		<u>2,574</u>	<u>(2,284)</u>	NM	<u>(9,492)</u>	<u>(24,246)</u>	-60.9
Total comprehensive expense for the period attributable to owners of the Company		<u><u>(1,930)</u></u>	<u><u>(8,709)</u></u>	-77.8	<u><u>(69,816)</u></u>	<u><u>(23,946)</u></u>	+191.6
(Loss) earnings per share	7						
- Basic (HK cents)		<u><u>(5.29)</u></u>	<u><u>(7.54)</u></u>	-29.8	<u><u>(70.80)</u></u>	<u><u>0.35</u></u>	NM
- Diluted (HK cents)		<u><u>(5.29)</u></u>	<u><u>(7.54)</u></u>	-29.8	<u><u>(70.80)</u></u>	<u><u>0.35</u></u>	NM

NM – Not Meaningful

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2019

	As at December 31, 2019 <i>HK\$'000</i> (Unaudited)	As at March 31, 2019 <i>HK\$'000</i> (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	261,147	279,355
Right-of-use assets	15,239	–
Prepaid lease payments – non-current	–	544
Investment property	8,523	–
Club debentures	2,001	2,001
Interest in an associate	–	–
Financial assets measured at fair value through other comprehensive income	–	–
Long-term deposits	15,826	16,514
Deferred tax assets	1,982	1,972
Restricted bank deposits	2,225	–
	306,943	300,386
Total non-current assets		
Current assets		
Inventories	395,830	689,898
Trade receivables	812,596	768,428
Other receivables, deposits and prepayments	14,540	10,019
Prepaid lease payments – current	–	12
Income tax recoverable	12,284	12,201
Derivative financial instruments	5	31
Restricted bank deposits	2,224	4,673
Cash and cash equivalents	239,630	297,498
	1,477,109	1,782,760
Total current assets		
	1,477,109	1,782,760
Total assets	1,784,052	2,083,146

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
– continued

As at December 31, 2019

	<i>NOTE</i>	As at December 31, 2019 HK\$'000 (Unaudited)	As at March 31, 2019 HK\$'000 (Audited)
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables		336,278	310,863
Other payables		33,235	34,776
Contract liabilities		5,486	8,604
Income tax payable		202	2,927
Trust receipt loans		543,414	591,998
Bank borrowings		233,604	434,147
Derivative financial instruments		1,151	540
Lease liabilities		10,942	–
		<u>1,164,312</u>	<u>1,383,855</u>
Total current liabilities		<u>1,164,312</u>	<u>1,383,855</u>
Net current assets		<u>312,797</u>	<u>398,905</u>
Total assets less current liabilities		<u>619,740</u>	<u>699,291</u>
Capital and reserves			
Share capital	4	85,207	85,207
Reserves		498,556	585,413
		<u>583,763</u>	<u>670,620</u>
Equity attributable to owners of the Company		<u>583,763</u>	<u>670,620</u>
Non-current liabilities			
Deferred tax liabilities		31,567	28,671
Lease liabilities		4,410	–
		<u>35,977</u>	<u>28,671</u>
Total non-current liabilities		<u>35,977</u>	<u>28,671</u>
Total liabilities and equity		<u>1,784,052</u>	<u>2,083,146</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the third quarter and nine months ended December 31, 2019

	Attributable to owners of the Company								
	Share capital <i>HKS'000</i>	Capital reserves <i>HKS'000</i>	Statutory reserve <i>HKS'000</i> <i>(Note i)</i>	Property revaluation reserve <i>HKS'000</i>	Currency translation reserve <i>HKS'000</i>	Financial assets measured at fair value through other comprehensive income reserve <i>HKS'000</i>	Other reserve <i>HKS'000</i> <i>(Note ii)</i>	Accumulated profits <i>HKS'000</i>	Total <i>HKS'000</i>
3Q FY2019									
At October 1, 2018 (Unaudited)	85,207	194,854	18,446	109,032	(993)	(16,448)	(3,561)	287,676	674,213
Total comprehensive expense for the period:									
Loss for the period	-	-	-	-	-	-	-	(6,425)	(6,425)
Other comprehensive expense for the period	-	-	-	-	(2,284)	-	-	-	(2,284)
Total	-	-	-	-	(2,284)	-	-	(6,425)	(8,709)
Transactions with owners, recognised directly in equity:									
Share options cancelled	-	(1,303)	-	-	-	-	-	1,303	-
Total	-	(1,303)	-	-	-	-	-	1,303	-
At December 31, 2018 (Unaudited)	<u>85,207</u>	<u>193,551</u>	<u>18,446</u>	<u>109,032</u>	<u>(3,277)</u>	<u>(16,448)</u>	<u>(3,561)</u>	<u>282,554</u>	<u>665,504</u>
3Q FY2020									
At October 1, 2019 (Unaudited)	85,207	193,459	19,878	124,278	(10,542)	(16,448)	(3,561)	193,422	585,693
Total comprehensive income (expense) for the period:									
Loss for the period	-	-	-	-	-	-	-	(4,504)	(4,504)
Other comprehensive income for the period	-	-	-	-	2,574	-	-	-	2,574
Total	-	-	-	-	2,574	-	-	(4,504)	(1,930)
Transactions with owners, recognised directly in equity:									
Share options lapsed	-	(1)	-	-	-	-	-	1	-
Total	-	(1)	-	-	-	-	-	1	-
At December 31, 2019 (Unaudited)	<u>85,207</u>	<u>193,458</u>	<u>19,878</u>	<u>124,278</u>	<u>(7,968)</u>	<u>(16,448)</u>	<u>(3,561)</u>	<u>188,919</u>	<u>583,763</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
– continued

For the third quarter and nine months ended December 31, 2019

	Attributable to owners of the Company								
	Share capital	Capital reserves	Statutory reserve	Property revaluation reserve	Currency translation reserve	Financial assets measured at fair value through other comprehensive income reserve	Other reserve	Accumulated profits	Total
	HK\$'000	HK\$'000	HK\$'000 (Note i)	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Note ii)	HK\$'000	HK\$'000
YTD 3Q FY2019									
At April 1, 2018 (Audited)	76,341	197,794	18,134	109,032	20,969	(16,448)	(3,561)	313,797	716,058
Total comprehensive income (expense) for the period:									
Profit for the period	-	-	-	-	-	-	-	300	300
Other comprehensive expense for the period	-	-	-	-	(24,246)	-	-	-	(24,246)
Total	-	-	-	-	(24,246)	-	-	300	(23,946)
Transactions with owners, recognised directly in equity:									
Exercise of share options	1,120	3,696	-	-	-	-	-	-	4,816
Recognition of equity-settled share-based payments	-	1,110	-	-	-	-	-	-	1,110
Share options cancelled	-	(1,303)	-	-	-	-	-	1,303	-
Issuance of new shares under the bonus issue	7,746	(7,746)	-	-	-	-	-	-	-
Dividend paid (Note 6)	-	-	-	-	-	-	-	(32,534)	(32,534)
Transfer of statutory reserve	-	-	312	-	-	-	-	(312)	-
Total	8,866	(4,243)	312	-	-	-	-	(31,543)	(26,608)
At December 31, 2018 (Unaudited)	85,207	193,551	18,446	109,032	(3,277)	(16,448)	(3,561)	282,554	665,504

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
– continued

For the third quarter and nine months ended December 31, 2019

	Attributable to owners of the Company								
	Share capital	Capital reserves	Statutory reserve	Property revaluation reserve	Currency translation reserve	Financial assets measured at fair value through other comprehensive income reserve	Other reserve	Accumulated profits	Total
	HK\$'000	HK\$'000	HK\$'000 (Note i)	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Note ii)	HK\$'000	HK\$'000
YTD 3Q FY2020									
At April 1, 2019 (Audited)	85,207	193,551	19,580	121,941	3,861	(16,448)	(3,561)	266,489	670,620
Total comprehensive income (expense) for the period:									
Loss for the period	-	-	-	-	-	-	-	(60,324)	(60,324)
Other comprehensive income (expense) for the period	-	-	-	2,337	(11,829)	-	-	-	(9,492)
Total	-	-	-	2,337	(11,829)	-	-	(60,324)	(69,816)
Transactions with owners, recognised directly in equity:									
Share options cancelled	-	(92)	-	-	-	-	-	92	-
Share options lapsed	-	(1)	-	-	-	-	-	1	-
Dividend paid (Note 6)	-	-	-	-	-	-	-	(17,041)	(17,041)
Transfer of statutory reserve	-	-	298	-	-	-	-	(298)	-
Total	-	(93)	298	-	-	-	-	(17,246)	(17,041)
At December 31, 2019 (Unaudited)	<u>85,207</u>	<u>193,458</u>	<u>19,878</u>	<u>124,278</u>	<u>(7,968)</u>	<u>(16,448)</u>	<u>(3,561)</u>	<u>188,919</u>	<u>583,763</u>

Notes:

- (i) 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.
- (ii) 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 third quarter and nine months ended December 31, 2019

	For the three months ended December 31,		For the nine months ended December 31,	
	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
Net cash generated from (used in) operating activities	79,948	135,698	215,653	(58,511)
Net cash used in investing activities				
Purchase of property, plant and equipment	(154)	(4,898)	(993)	(13,559)
Deposit paid for acquisition of property, plant and equipment	-	-	-	(11,985)
Placement of restricted bank deposits	-	-	(2,326)	-
Proceeds from disposal of property, plant and equipment	-	-	-	5
	<u>(154)</u>	<u>(4,898)</u>	<u>(3,319)</u>	<u>(25,539)</u>
Net cash (used in) generated from financing activities				
Dividend paid to shareholders	-	-	(17,041)	(32,534)
Proceeds from exercise of share options	-	-	-	4,816
Repayments of trust receipt loans	(606,331)	(703,554)	(1,702,006)	(2,261,319)
Proceeds from trust receipt loans	597,425	577,812	1,653,422	2,264,836
Repayments of bank borrowings	(299,002)	(228,035)	(809,664)	(524,783)
Proceeds from bank borrowings	233,660	213,427	610,600	597,867
Repayments of lease liabilities	(2,724)	-	(7,948)	-
	<u>(76,972)</u>	<u>(140,350)</u>	<u>(272,637)</u>	<u>48,883</u>
Net increase (decrease) in cash and cash equivalents	2,822	(9,550)	(60,303)	(35,167)
Cash and cash equivalents at beginning of the period	231,465	296,209	297,498	327,050
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	5,343	(38)	2,435	(5,262)
Cash and cash equivalents at end of the period	<u>239,630</u>	<u>286,621</u>	<u>239,630</u>	<u>286,621</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the third quarter and nine months ended December 31, 2019

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 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.

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 the application of new accounting policies, and the changes in accounting policies resulting from the application of new and amendments to International Financial Reporting Standards (“IFRS Standards”) issued by the International Accounting Standards Board (the “IASB”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the third quarter and nine months ended December 31, 2019 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended March 31, 2019.

Application of new and amendments to IFRS Standards

In the current period, the Group has applied, for the first time, the following new and amendments to IFRS Standards issued by the IASB which are mandatorily effective for the Group for the preparation of the Group’s condensed consolidated financial statements for the period beginning on April 1, 2019:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2015 – 2017 Cycle

2. PRINCIPAL ACCOUNTING POLICIES – continued

Application of new and amendments to IFRS Standards – continued

Except as described below, the application of the new and amendments to IFRS Standards in the current 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.

The Group has applied IFRS 16 for the first time in the current period. The Group applied the modified retrospective approach for the application of IFRS 16 as lessee and has not restated comparative information for the year prior to the date of initial application. The lease liabilities were measured at the present values of the remaining lease payments, discounted using the Group's incremental borrowing rate as of the date of initial application. As at April 1, 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at April 1, 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at March 31, 2019	Adjustment	Carrying amounts under IFRS 16 at April 1, 2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Unaudited)	(Unaudited)
Non-current assets			
Right-of-use assets	–	20,006	20,006
Prepaid lease payments	544	(544)	–
Current assets			
Prepaid lease payments	12	(12)	–
Current liabilities			
Lease liabilities	–	(9,072)	(9,072)
Non-current liabilities			
Lease liabilities	–	(10,378)	(10,378)

3. (LOSS) PROFIT FOR THE PERIOD

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

	For the three months ended December 31,		For the nine months ended December 31,	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Amortisation of prepaid lease payments	-	3	-	9
Cost of inventories recognised as expenses	794,388	789,501	2,367,586	2,737,116
Depreciation of property, plant and equipment	3,492	3,435	10,631	9,865
Depreciation of right-of-use assets (<i>Note i</i>)	2,752	-	7,605	-
Directors' emoluments (<i>Note ii</i>)	2,749	3,233	8,245	9,311
Loss on disposal of property, plant and equipment	-	-	68	46
Audit fees paid to auditors				
Auditor of the Company	479	533	1,581	1,600
Other auditors	42	31	117	123
Non-audit fees paid to auditor				
Auditor of the Company	216	258	660	589
Staff costs (excluding directors' emoluments) (<i>Note ii</i>)	30,835	33,944	90,098	108,905
Net foreign exchange (gain) loss	(6,540)	4,996	11,838	38,983
Net loss on fair value changes of derivative financial instruments	2,384	851	636	880
Share-based payment expense	-	-	-	1,110
Interest income from bank deposits	(342)	(574)	(1,635)	(1,390)
Interest expense on borrowings	8,735	12,903	27,754	34,776
Impairment losses recognised on trade receivables	-	-	6,700	-
(Reversal) allowance for inventories	(35)	905	18,789	2,590
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes:

- (i) Certain rental expenses of operating lease were reclassified to depreciation of right-of-use assets in accordance with the adoption of IFRS 16 Leases with effect from April 1, 2019.
- (ii) During the nine months ended December 31, 2019 and 2018, there were cost of defined contribution plans amounting to HK\$13,557,000 and HK\$14,328,000, respectively, included in staff costs and directors' emoluments.

4. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$1.00 each		
Authorised		
At April 1, 2018 (Audited), December 31, 2018 (Unaudited), April 1, 2019 (Audited) and December 31, 2019 (Unaudited)	120,000	120,000
Issued and paid up		
At April 1, 2018 (Audited)	76,341	76,341
Exercise of share options	1,120	1,120
Issue of bonus shares (<i>Note</i>)	7,746	7,746
At December 31, 2018 (Unaudited), April 1, 2019 (Audited) and December 31, 2019 (Unaudited)	85,207	85,207

The Company has no treasury shares.

Note: Pursuant to the bonus issue which was completed on August 28, 2018, a total of 7,746,089 bonus shares were issued on the basis of one (1) bonus share for every ten (10) existing shares (the “Bonus Issue”) held on August 10, 2018.

5. SHARE-BASED PAYMENTS

The Company had adopted the Willas-Array Electronics Employee Share Option Scheme II (“ESOS II”) and 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.

ESOS II

Fair values of the share options granted under ESOS II were calculated using the Black-Scholes option pricing model.

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

	Number of share options
Unexercised share options for ordinary shares at April 1, 2018 (Audited)	1,600
Adjustment on the Bonus Issue during the period (<i>Note</i>)	<u>160</u>
Unexercised share options for ordinary shares at December 31, 2018 (Unaudited) and April 1, 2019 (Audited)	1,760
Lapsed during the period	<u>(1,760)</u>
Unexercised share options for ordinary shares at December 31, 2019 (Unaudited)	<u><u>–</u></u>

ESOS III

During the nine months ended December 31, 2018, share options holders under ESOS III exercised part of their share options and subscribed for 290,000 shares and 830,000 shares of HK\$1.00 each of the Company at an exercise price of HK\$4.30 per share on July 19, 2018 and July 30, 2018, respectively. The weighted average closing price of the Company’s shares immediately before the dates on which the share options were exercised was HK\$5.99 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, 2018 (Audited)	3,080,000
Exercised during the period	(1,120,000)
Adjustment on the Bonus Issue during the period (<i>Note</i>)	196,000
Cancelled during the period	<u>(1,166,000)</u>
Unexercised share options for ordinary shares at December 31, 2018 (Unaudited) and April 1, 2019 (Audited)	990,000
Cancelled during the period	<u>(82,500)</u>
Unexercised share options for ordinary shares at December 31, 2019 (Unaudited)	<u><u>907,500</u></u>

5. SHARE-BASED PAYMENTS – continued

ESOS III – continued

Note: Upon the Bonus Issue becoming effective on August 28, 2018, (i) the exercise prices of the outstanding share options granted under ESOS II and ESOS III were adjusted to Singapore dollar 0.305 per share and HK\$3.91 per share, respectively; and (ii) the respective numbers of underlying shares comprised in the outstanding share options granted under ESOS II and ESOS III of the Company have been adjusted accordingly.

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 July 17, 2017
Share price at valuation date	HK\$4.07
Exercise price	HK\$4.30
Expected volatility	48.41%
Risk-free rate	1.49%
Expected dividend yield	7.62%
Exercisable period	9 years
Vesting period	1 year
Fair value per share option	HK\$1.23

During the nine months ended December 31, 2018, share-based payment expense of HK\$1,110,000 was recognised in profit or loss. No such expense was recognised during the nine months ended December 31, 2019.

6. DIVIDEND

During the nine months ended December 31, 2019, a one-tier tax exempt final dividend of HK20.0 cents per share was declared and paid to the shareholders of the Company (the “Shareholders”) in respect of the year ended March 31, 2019 (YTD 3Q FY2019: final dividend of HK42.0 cents per share). The aggregate amount of the final dividend paid in YTD 3Q FY2020 amounted to HK\$17,041,000 (YTD 3Q FY2019: HK\$32,534,000).

The Board has resolved not to declare any dividend for the nine months ended December 31, 2019 (YTD 3Q FY2019: nil).

7. (LOSS) EARNINGS PER SHARE

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

	Group Figures							
	For the three months ended December 31, 2019 (Unaudited)		For the three months ended December 31, 2018 (Unaudited)		For the nine months ended December 31, 2019 (Unaudited)		For the nine months ended December 31, 2018 (Unaudited)	
	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Loss) profit attributable to owners of the Company	<u>(4,504)</u>	<u>(4,504)</u>	<u>(6,425)</u>	<u>(6,425)</u>	<u>(60,324)</u>	<u>(60,324)</u>	<u>300</u>	<u>300</u>
	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of ordinary shares	<u>85,207,049</u>	<u>85,207,049</u>	85,207,049	85,207,049	<u>85,207,049</u>	<u>85,207,049</u>	84,682,209	84,682,209
Adjustment for dilutive potential ordinary shares	<u>-</u>	<u>N/A</u>	<u>-</u>	<u>N/A</u>	<u>-</u>	<u>N/A</u>	<u>-</u>	<u>525,676</u>
Weighted average number of ordinary shares used to compute (loss) earnings per share	<u>85,207,049</u>	<u>85,207,049</u>	<u>85,207,049</u>	<u>85,207,049</u>	<u>85,207,049</u>	<u>85,207,049</u>	<u>84,682,209</u>	<u>85,207,885</u>
(Loss) earnings per share (HK cents)	<u>(5.29)</u>	<u>(5.29)</u>	<u>(7.54)</u>	<u>(7.54)</u>	<u>(70.80)</u>	<u>(70.80)</u>	<u>0.35</u>	<u>0.35</u>

The computation of diluted loss per share for the third quarter and nine months ended December 31, 2019 and the third quarter ended December 31, 2018 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.

The weighted average number of ordinary shares, dilutive potential ordinary shares as well as basic and diluted (loss) earnings per share have been adjusted for the effect of the Bonus Issue (as defined in Note 4 above) on August 28, 2018.

8. NET ASSET VALUE

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

	Group Figures		Company Figures	
	As at December 31, 2019 (Unaudited)	As at March 31, 2019 (Audited)	As at December 31, 2019 (Unaudited)	As at March 31, 2019 (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>685.11</u>	<u>787.05</u>	<u>422.28</u>	<u>429.46</u>

The net asset backing per ordinary share as at December 31, 2019 was based on a total of 85,207,049 (March 31, 2019: 85,207,049) issued ordinary shares.

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

As at December 31, 2019

	As at December 31, 2019 <i>HK\$'000</i> (Unaudited)	As at March 31, 2019 <i>HK\$'000</i> (Audited)
ASSETS		
Non-current assets		
Amount due from a subsidiary	33,814	33,814
Investments in subsidiaries	144,668	117,470
Total non-current assets	<u>178,482</u>	<u>151,284</u>
Current assets		
Amounts due from subsidiaries	184,596	227,239
Prepayments	265	83
Income tax recoverable	173	331
Cash and cash equivalents	1,086	3,235
Total current assets	<u>186,120</u>	<u>230,888</u>
Total assets	<u><u>364,602</u></u>	<u><u>382,172</u></u>
LIABILITIES AND EQUITY		
Current liabilities		
Other payables	1,096	1,467
Financial guarantee liabilities	3,693	14,774
Total current liabilities	<u>4,789</u>	<u>16,241</u>
Net current assets	<u><u>181,331</u></u>	<u><u>214,647</u></u>
Total assets less current liabilities	<u><u>359,813</u></u>	<u><u>365,931</u></u>
Capital and reserves		
Share capital	85,207	85,207
Reserves	274,606	280,724
Equity attributable to owners of the Company	<u><u>359,813</u></u>	<u><u>365,931</u></u>
Total liabilities and equity	<u><u>364,602</u></u>	<u><u>382,172</u></u>

10. INFORMATION ABOUT THE STATEMENT OF CHANGES IN EQUITY OF THE COMPANY*For the third quarter and nine months ended December 31, 2019*

	Share capital	Capital reserves	Accumulated profits	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
3Q FY2019				
At October 1, 2018 (Unaudited)	85,207	194,854	62,525	342,586
Profit for the period, representing total comprehensive income for the period	–	–	3,060	3,060
Transactions with owners, recognised directly in equity:				
Share options cancelled	–	(1,303)	1,303	–
Total	–	(1,303)	1,303	–
At December 31, 2018 (Unaudited)	<u>85,207</u>	<u>193,551</u>	<u>66,888</u>	<u>345,646</u>
3Q FY2020				
At October 1, 2019 (Unaudited)	85,207	193,459	77,496	356,162
Profit for the period, representing total comprehensive income for the period	–	–	3,651	3,651
Transactions with owners, recognised directly in equity:				
Share options lapsed	–	(1)	1	–
Total	–	(1)	1	–
At December 31, 2019 (Unaudited)	<u>85,207</u>	<u>193,458</u>	<u>81,148</u>	<u>359,813</u>

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

– continued

For the third quarter and nine months ended December 31, 2019

	Share capital	Capital reserves	Accumulated profits	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
YTD 3Q FY2019				
At April 1, 2018 (Audited)	76,341	197,794	88,674	362,809
Profit for the period, representing total comprehensive income for the period	–	–	9,445	9,445
Transactions with owners, recognised directly in equity:				
Exercise of share options	1,120	3,696	–	4,816
Recognition of equity-settled share-based payments	–	1,110	–	1,110
Share options cancelled	–	(1,303)	1,303	–
Issuance of new shares under the Bonus Issue	7,746	(7,746)	–	–
Dividend paid (<i>Note 6</i>)	–	–	(32,534)	(32,534)
Total	8,866	(4,243)	(31,231)	(26,608)
At December 31, 2018 (Unaudited)	85,207	193,551	66,888	345,646
YTD 3Q FY2020				
At April 1, 2019 (Audited)	85,207	193,551	87,173	365,931
Profit for the period, representing total comprehensive income for the period	–	–	10,923	10,923
Transactions with owners, recognised directly in equity:				
Share options cancelled	–	(92)	92	–
Share options lapsed	–	(1)	1	–
Dividend paid (<i>Note 6</i>)	–	–	(17,041)	(17,041)
Total	–	(93)	(16,948)	(17,041)
At December 31, 2019 (Unaudited)	85,207	193,458	81,148	359,813

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group recorded an attributable loss of HK\$60.3 million for the nine months ended December 31, 2019 (“YTD 3Q FY2020”) compared to an attributable profit of HK\$0.3 million for the nine months ended December 31, 2018 (“YTD 3Q FY2019”) mainly due to lower revenue and gross profit margin, which led to a decrease in gross profit in the period under review. The lower gross profit margin was mainly attributed to intense price competition amidst weak demand and our clearance of buffer stocks created from last year.

Third quarter review – 3Q FY2020 vs 3Q FY2019

Revenue

The Group’s sales revenue had decreased by 1.3% from HK\$862.8 million for the third quarter ended December 31, 2018 (“3Q FY2019”) to HK\$851.4 million for the third quarter ended December 31, 2019 (“3Q FY2020”).

Revenue by Market Segment Analysis

	3Q FY2020		3Q FY2019		Increase (Decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Industrial	231,532	27.2%	233,301	27.0%	(1,769)	(0.8%)
Home Appliance	191,949	22.5%	127,135	14.7%	64,814	51.0%
Automotive	141,375	16.6%	117,827	13.7%	23,548	20.0%
Telecommunications	66,812	7.9%	132,130	15.3%	(65,318)	(49.4%)
Dealer	63,045	7.4%	86,794	10.1%	(23,749)	(27.4%)
Audio and Video	47,945	5.6%	56,546	6.6%	(8,601)	(15.2%)
Electronic Manufacturing						
Services (“EMS”)	56,430	6.6%	56,444	6.5%	(14)	(0.0%)
Lighting	33,769	4.0%	23,373	2.7%	10,396	44.5%
Others	18,565	2.2%	29,296	3.4%	(10,731)	(36.6%)
	<u>851,422</u>	<u>100.0%</u>	<u>862,846</u>	<u>100.0%</u>	<u>(11,424)</u>	<u>(1.3%)</u>

The US-China trade conflict continued to affect the export business and the overall consumer confidence. The Group was able to mitigate the weak operating environment by leveraging the strength of China’s domestic consumption to achieve HK\$851.4 million in sales for 3Q FY2020, which was comparable to HK\$862.8 million achieved in 3Q FY2019.

The export and Renminbi (“RMB”) sensitive segments, Dealer as well as Audio and Video remained weak during the quarter under review, whereas another export sensitive segment, Industrial, was able to maintain sales at the same level year-on-year (“YOY”) due to domestic demand. Meanwhile, the Lighting segment’s performance surged by 44.5% YOY as a result of a key customer winning a domestic project in stage lighting.

Through our focus on domestic consumption, we were able to capture the rebound in the Automotive and Home Appliance segments. Automotive gained 20.0% in sales having benefitted from the tightening of the emission standard and more upgraded features of new car. Home Appliance was the best performer in 3Q FY2020, with a 51.0% YOY leap in sales attributable to higher demand for energy saving features, which matched with our efforts to provide services and solutions in this area.

In 3Q FY2020, the Telecommunications segment remained weak, declining 49.4% in sales YOY. We expect ongoing weakness from this segment because one of our key customers was affected by the loss of a major project and not expected to recover from it in the short term. As such, the Group intends to deploy its resources to other growth areas while monitoring the situation in the market.

Gross Profit Margin

The Group’s gross profit margin decreased from 8.5% in 3Q FY2019 to 6.7% in 3Q FY2020. The ongoing US-China trade tensions had resulted in weak consumer and business sentiments and greatly impacted market confidence in 2019. The fall in gross profit margin was mainly attributed to price competition amidst weak demand in the market and our clearance of buffer stocks created from last year. But we can see a bit improvement comparing with the results for the six months ended September 30, 2019.

Distribution Costs

Distribution costs decreased by HK\$2.8 million, or 26.1%, from HK\$10.9 million in 3Q FY2019 to HK\$8.1 million in 3Q FY2020. The decrease was mainly due to lower sales incentive expense, which was in line with the decrease in sales revenue. Furthermore, the Group had tightened the overseas travelling and entertainment expenses for the period under review.

Administrative Expenses

Administrative expenses decreased by HK\$3.1 million, or 5.8%, from HK\$52.8 million in 3Q FY2019 to HK\$49.7 million in 3Q FY2020. This was mainly due to (i) the introduction of cost control measures and (ii) a decrease in staff costs due to lower average headcount.

Other Gains and Losses

Other gains of HK\$4.2 million in 3Q FY2020 was due to an exchange gain mainly arising from the appreciation of RMB for the period under review (3Q FY2019: other losses of HK\$5.8 million was due to an exchange loss mainly arising from the depreciation of RMB).

Finance Costs

Finance costs decreased by HK\$4.0 million, or 31.0%, from HK\$12.9 million in 3Q FY2019 to HK\$8.9 million in 3Q FY2020. The decrease in finance costs was mainly due to decreases in average trust receipt loans and bank borrowings as compared to the same period last year. Certain rental expenses of HK\$0.2 million were reclassified to finance costs in accordance with the application of IFRS 16 from April 1, 2019.

Nine months review – YTD 3Q FY2020 vs YTD 3Q FY2019

Revenue

The Group's sales revenue decreased by 16.4% from HK\$3,017.7 million in YTD 3Q FY2019 to HK\$2,523.8 million in YTD 3Q FY2020 mainly due to market uncertainties and weak economic sentiment. Both the export and domestic markets in China continued to feel the effects of the US-China trade tensions, which had dragged on for more than a year. Several of the Group's customers were affected by the postponement or cancellation of projects, which led to the issue of leftover stock despite the Group's efforts to negotiate with customers and measures to clear the inventory. Additionally, the depreciation of the RMB further reduced the buying power of domestic customers in China, and the Group had to offer more competitive pricing to cope with the change.

Revenue by Market Segment Analysis

	YTD 3Q FY2020		YTD 3Q FY2019		Increase (Decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Industrial	687,418	27.2%	789,142	26.2%	(101,724)	(12.9%)
Home Appliance	496,717	19.7%	433,351	14.4%	63,366	14.6%
Automotive	389,202	15.4%	354,075	11.7%	35,127	9.9%
Telecommunications	232,762	9.2%	598,703	19.8%	(365,941)	(61.1%)
Dealer	227,241	9.0%	285,636	9.5%	(58,395)	(20.4%)
Audio and Video	171,444	6.8%	213,222	7.1%	(41,778)	(19.6%)
EMS	168,021	6.7%	174,957	5.8%	(6,936)	(4.0%)
Lighting	91,489	3.6%	82,601	2.7%	8,888	10.8%
Others	59,535	2.4%	85,984	2.8%	(26,449)	(30.8%)
	<u>2,523,829</u>	<u>100.0%</u>	<u>3,017,671</u>	<u>100.0%</u>	<u>(493,842)</u>	<u>(16.4%)</u>

Industrial

The Industrial segment remained the largest revenue generator of the Group. Although revenue contribution fell by 12.9% compared to the same period last year, we saw a recovery in 3Q FY2020, which was driven by domestic demand, which we believe would continue to be the driving force of future growth for the segment's application.

Home Appliance

Revenue from the Home Appliance segment was HK\$496.7 million in YTD 3Q FY2020, an increase of 14.6% as compared to the previous corresponding period. The rebound in this segment was mainly due to the domestic demand and the increase in energy saving requirements. This segment benefitted from our efforts of putting more resources to provide value-added services in the inverter feature in order to improve the energy-saving features.

Automotive

Revenue from the Automotive segment increased by 9.9% to HK\$389.2 million in YTD 3Q FY2020 as compared to the previous corresponding period. This segment continued to provide stable returns to the Group, because of the importance of the Automotive market to China, which has committed to the long term development of this industry. We remain confident of our strategy in building sales networks with car makers across the country and will continue to dedicate resources to develop solutions for new cars.

Telecommunications

The revenue of the Telecommunications segment was HK\$232.8 million in YTD 3Q FY2020, with a drop of 61.1% as compared to the same period last year. The weakening of the smartphone market was due to the saturation of the 4G market even as consumers held back their purchases in anticipation of the launch of the 5G telecommunication products. Additionally, we are cautiously monitoring the ability of our customers to tide through this challenging period. We believe that the risk in the segment is still high and the Group will carefully monitor the change in the mobile phone market.

Dealer, Audio and Video

Both are export and RMB sensitive segments. They were impacted by the weak export market and the depreciation in RMB in YTD 3Q FY2020. The revenue of Dealer as well as Audio and Video fell by 20.4% YOY and 19.6% YOY, respectively. We will carefully monitor the change and alter our strategy accordingly.

EMS

Revenue from this segment fell by 4.0% YOY in YTD 3Q FY2020 as compared to the same period last year to HK\$168.0 million. The EMS factories in China had suffered under the impact of the US-China trade tensions and will take some time to recover.

Lighting

Revenue from this segment in YTD 3Q FY2020 increased by 10.8% as compared to the previous corresponding period to HK\$91.5 million. Customers had put more focus on domestic demand and high-end applications, especially in high power and smart Internet of Things. This trend has the potential to generate more opportunities for the Group's products.

Gross Profit Margin

The Group's gross profit margin decreased from 9.3% in YTD 3Q FY2019 to 6.2% in YTD 3Q FY2020. The ongoing US-China trade tensions had resulted in weak consumer and business sentiments and greatly impacted market confidence in 2019. The fall in gross profit margin was mainly attributed to price competition amidst a weak demand situation and our clearance of buffer stocks.

Distribution Costs

Distribution costs decreased by HK\$11.5 million, or 33.0%, from HK\$35.0 million in YTD 3Q FY2019 to HK\$23.5 million in YTD 3Q FY2020. The decrease was mainly due to lower sales incentive expense, which was in line with the decrease in sales revenue. Furthermore, the Group has tightened the overseas travelling and entertainment expenses in YTD 3Q FY2020.

Administrative Expenses

Administrative expenses decreased by HK\$19.4 million, or 11.6%, from HK\$167.4 million in YTD 3Q FY2019 to HK\$148.0 million in YTD 3Q FY2020. This was mainly due to (i) cost control measures introduced in YTD 3Q FY2020, (ii) a decrease in staff costs due to lower average headcount and (iii) the absence of premises and warehouse removal expenses incurred in YTD 3Q FY2019 for the renovation and relocation of a warehouse in Hong Kong.

Other Gains and Losses

Other losses of HK\$12.5 million in YTD 3Q FY2020 (YTD 3Q FY2019: HK\$39.9 million) were due to exchange loss mainly arising from the depreciation of RMB.

Impairment Losses, Net of Reversal

Impairment losses of HK\$6.7 million in YTD 3Q FY2020 (YTD 3Q FY2019: nil) represented the impairment losses on trade receivables.

Finance Costs

Finance costs decreased by HK\$6.6 million, or 18.9%, from HK\$34.8 million in YTD 3Q FY2019 to HK\$28.2 million in YTD 3Q FY2020. The decrease was mainly due to a reduction in average trust receipt loans and bank borrowings as compared to the same period last year, which was slightly offset by an increase in average interest rate. Certain rental expenses of HK\$0.5 million were reclassified to finance costs in accordance with the application of IFRS 16 from April 1, 2019.

LIQUIDITY AND FINANCIAL RESOURCES

Financial Position

As compared to as at March 31, 2019, trust receipt loans decreased by HK\$48.6 million as at December 31, 2019. Trade payables increased from HK\$310.9 million as at March 31, 2019 to HK\$336.3 million as at December 31, 2019. The decrease in trust receipt loans was mainly due to the decrease in inventories level as at December 31, 2019. Trade receivables as at December 31, 2019 increased by HK\$44.2 million as compared to those as at March 31, 2019, due to an increase in sales revenue towards the end of the period under review, and the debtors turnover days increased from 2.5 months to 2.9 months.

Inventories

Inventories decreased from HK\$689.9 million as at March 31, 2019 to HK\$395.8 million as at December 31, 2019. The inventory turnover days decreased from 2.5 months to 1.5 months.

Cash Flow

As at December 31, 2019, the Group had a working capital of HK\$312.8 million, which included a cash balance of HK\$239.6 million, compared to a working capital of HK\$398.9 million, which included a cash balance of HK\$297.5 million as at March 31, 2019. The decrease in cash by HK\$57.9 million was primarily attributable to the net effect of cash outflows of HK\$3.3 million in investing activities and HK\$272.6 million in financing activities and a cash inflow of HK\$215.7 million generated from operating activities.

Cash inflow generated from operating activities was mainly attributable to the net effect of a decrease in inventories, which was partially offset by an increase in trade receivables. The decrease in inventories was due to clearance of buffer stocks whereas the increase in trade receivables was due to the increased sales revenue towards the end of the period under review when compared with the sales revenue towards March 31, 2019.

Cash outflow in financing activities was attributable to the decreases in trust receipt loans and bank borrowings as a result of the decrease in inventories.

Borrowings

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

Amount repayable in one year or less, or on demand

As at December 31, 2019		As at March 31, 2019	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
98,604	678,414	209,147	816,998

Amount repayable after one year

As at December 31, 2019		As at March 31, 2019	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
–	–	–	–

As at December 31, 2019, the Group's trade receivables amounted to HK\$108.0 million (March 31, 2019: HK\$192.1 million), which were transferred to banks by discounting those trade receivables on a full recourse basis. As the Group had not transferred the significant risks and rewards relating to these receivables, it 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\$98.6 million.

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 signing of the Phase One US-China trade deal in mid-January 2020 could be viewed as a temporary truce in the US-China trade dispute but its impact remains to be seen. We will continue to monitor the situation closely.

To make matters worse, the outbreak of the new virus, the coronavirus disease 2019 (COVID-19) has spread around China and to other countries since January 2020. In view of the escalation of the COVID-19 risk, the Chinese government has issued a notice to extend the Chinese New Year holidays to keep people at home in an effort to contain the spread of the coronavirus. As factories have been forced to close, this will disrupt the global supply chain and eventually will drag on the economy as a whole.

In view of the considerable downside risks and certain headwinds in the macro-environment, the Group will continue to be prudent in managing its operations and sustaining a healthy liquidity position in order to support the long-term growth.

DIVIDEND

The Board has resolved not to declare the payment of a dividend for the nine months ended December 31, 2019 (YTD 3Q FY2019: nil). No dividend has been declared for YTD 3Q FY2020 as the Group intends to retain cash for the business operations.

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 nine months ended December 31, 2019 have not been audited or reviewed by the Company's independent auditor, Deloitte Touche Tohmatsu, Hong Kong.

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 third quarter and nine months ended December 31, 2019 to be false or misleading in any material aspect.

On behalf of the Board,

Leung Chun Wah, Chairman
Kwok Chan Cheung, Deputy Chairman

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 SGX-ST's listing rules 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 Executive Director

February 14, 2020

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

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