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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 JUNE 30, 2025**

FINANCIAL HIGHLIGHTS

	For the six months ended June 30,		Change %
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)	
Revenue	1,158,844	1,183,468	-2.1
Gross profit	113,719	35,172	NM
Profit (loss) before tax	19,653	(78,075)	NM
Profit (loss) attributable to owners of the Company	20,726	(78,564)	NM
Basic earnings (loss) per share (HK cents)	23.63	(89.64)	NM
NM – Not Meaningful			

UNAUDITED FINANCIAL RESULTS

The board of directors of Willas-Array Electronics (Holdings) Limited (the “Company” and the “Board”, respectively) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”, “We” or “Our”) for the six months ended June 30, 2025, 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 June 30, 2025

		For the six months ended June 30,		Change
	NOTES	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)	%
Revenue		1,158,844	1,183,468	-2.1
Cost of sales	3	(1,045,125)	(1,148,296)	-9.0
Gross profit		113,719	35,172	NM
Other income		2,334	1,209	93.1
Distribution costs		(10,977)	(10,504)	4.5
Administrative expenses		(70,768)	(78,180)	-9.5
Other gains and losses		(5,650)	(9,436)	-40.1
Impairment losses reversed (recognised) under expected credit loss (“ECL”) model, net		7,006	(1,927)	NM
Loss on fair value change of investment property		-	384	-100.0
Finance costs		(16,011)	(14,793)	8.2
Profit (loss) before tax		19,653	(78,075)	NM
Income tax credit (expense)	4	1,073	(509)	NM
Profit (loss) for the period	5	20,726	(78,584)	NM
Other comprehensive income (expense):				
<i>Items that will not be reclassified to profit or loss:</i>				
– Loss on revaluation of owned properties		-	(7,030)	-100.0
– Income tax relating to loss recognised in other comprehensive income		-	1,648	-100.0
		-	(5,382)	-100.0

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

For the six months ended June 30, 2025

		For the six months ended June 30,		Change
	NOTE	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)	%
<i>Item that may be reclassified subsequently to profit or loss:</i>				
– Exchange differences arising from translation of foreign operations		<u>4,997</u>	<u>(3,326)</u>	NM
Other comprehensive income (expense) for the period		<u>4,997</u>	<u>(8,708)</u>	NM
Total comprehensive income (expense) for the period		<u><u>25,723</u></u>	<u><u>(87,292)</u></u>	NM
Profit (loss) attributable to:				
Owners of the Company		20,726	(78,564)	NM
Non-controlling interests		<u>–</u>	<u>(20)</u>	–100.0
		<u><u>20,726</u></u>	<u><u>(78,584)</u></u>	NM
Total comprehensive income (expense) attributable to:				
Owners of the Company		25,723	(87,271)	NM
Non-controlling interests		<u>–</u>	<u>(21)</u>	–100.0
		<u><u>25,723</u></u>	<u><u>(87,292)</u></u>	NM
Earnings (loss) per share				
– Basic (HK cents)	16	<u><u>23.63</u></u>	<u><u>(89.64)</u></u>	NM
– Diluted (HK cents)		<u><u>23.63</u></u>	<u><u>(89.64)</u></u>	NM

NM – Not Meaningful

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2025

		As at June 30, 2025 HK\$'000 (Unaudited)	As at December 31, 2024 HK\$'000 (Audited)
	NOTES		
Non-current assets			
Property, plant and equipment	6	202,214	205,783
Right-of-use assets		4,987	2,941
Investment property		10,043	10,043
Club debentures		2,001	2,001
Interest in an associate		—	—
Financial assets measured at fair value through other comprehensive income ("FVTOCI")		8,776	8,639
Long-term deposits		1,323	1,363
Deferred tax assets		2,372	2,281
Total non-current assets		231,716	233,051
Current assets			
Inventories		339,378	417,928
Trade receivables	7	707,276	708,448
Other receivables, deposits and prepayments		4,499	8,367
Amount due from related companies	8	1,781	948
Income tax recoverable		88	4,321
Cash and cash equivalents		49,561	41,412
Total current assets		1,102,583	1,181,424
Total assets		1,334,299	1,414,475

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – continued

As at June 30, 2025

		As at June 30, 2025 HK\$'000 (Unaudited)	As at December 31, 2024 HK\$'000 (Audited)
	NOTES		
Current liabilities			
Trade payables	11	377,036	322,998
Other payables		18,373	31,861
Amount due to a related company	9	3,860	–
Contract liabilities		3,382	3,256
Income tax payable		272	550
Trust receipt loans		25,105	140,044
Bank borrowings		365,235	316,905
Lease liabilities		2,036	2,054
Loans from the ultimate holding company	12	78,819	163,180
Total current liabilities		874,118	980,848
Net current assets		228,465	200,576
Total assets less current liabilities		460,181	433,627
Capital, reserves and non-controlling interests			
Share capital	13	87,692	87,692
Reserves		356,303	330,580
Equity attributable to owners of the Company		443,995	418,272
Non-controlling interests		–	–
Total equity		443,995	418,272
Non-current liabilities			
Deferred tax liabilities		13,309	14,517
Lease liabilities		2,877	838
Total non-current liabilities		16,186	15,355
Total liabilities and equity		1,334,299	1,414,475

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2025

	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
	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
At January 1, 2024 (Unaudited)	87,622	199,274	29,090	125,090	(20,327)	(16,448)	(3,561)	150,243	550,983	108
Total comprehensive expense for the period:										
Loss for the period	-	-	-	-	-	-	-	(78,564)	(78,564)	(20)
Other comprehensive expense for the period	-	-	-	(5,382)	(3,326)	-	-	-	(8,708)	(1)
Total	-	-	-	(5,382)	(3,326)	-	-	(78,564)	(87,272)	(21)
Transactions with owners, recognised directly in equity:										
Exercise of share options	70	113	-	-	-	-	-	-	183	-
Share options forfeited	-	(365)	-	-	-	-	-	365	-	-
Transfer from property revaluation reserve	-	-	-	(6,127)	-	-	-	6,127	-	-
Transfer of statutory reserve	-	-	506	-	-	-	-	(506)	-	-
Total	70	(252)	506	(6,127)	-	-	-	5,986	183	-
At June 30, 2024 (Unaudited)	87,692	199,022	29,596	113,581	(23,653)	(16,448)	(3,561)	77,665	463,894	87
At January 1, 2025 (Audited)	87,692	198,638	22,045	91,018	(23,562)	(16,448)	(3,475)	62,364	418,272	-
Total comprehensive income for the period:										
Profit for the period	-	-	-	-	-	-	-	20,726	20,726	-
Other comprehensive income for the period	-	-	-	-	4,997	-	-	-	4,997	-
Total	-	-	-	-	4,997	-	-	20,726	25,723	-
Transactions with owners, recognised directly in equity:										
Transfer of statutory reserve	-	-	(4,184)	-	-	-	-	4,184	-	-
Total	-	-	(4,184)	-	-	-	-	4,184	-	-
At June 30, 2025 (Unaudited)	87,692	198,638	17,861	91,018	(18,565)	(16,448)	(3,475)	87,274	443,995	-

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – continued

For the six months ended June 30, 2025

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 June 30, 2025

	For the six months ended June 30,	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from (used in) operating activities	<u>219,639</u>	<u>(70,325)</u>
Net cash used in investing activities		
Purchase of property, plant and equipment	(339)	(2,679)
Investments in unlisted equity securities	(6,582)	–
Proceeds from disposal of property, plant and equipment	<u>–</u>	<u>993</u>
	<u>(6,921)</u>	<u>(1,686)</u>
Net cash (used in) from financing activities		
Proceeds from exercise of share options	–	183
Repayments of bank and other borrowings	(714,969)	(1,090,822)
Proceeds from bank and other borrowings	596,527	1,151,977
Repayments of Loans from the ultimate holding company	(85,051)	–
Repayment of lease liabilities	<u>(1,386)</u>	<u>(3,589)</u>
	<u>(204,879)</u>	<u>57,749</u>
Net increase (decrease) in cash and cash equivalents	7,839	(14,262)
Cash and cash equivalents at beginning of the period	41,412	86,183
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	<u>310</u>	<u>(733)</u>
Cash and cash equivalents at end of the period	<u><u>49,561</u></u>	<u><u>71,188</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2025

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 immediate holding company of the Company is Texin (HongKong) Electronics Co. Limited, which is in turn wholly owned by Shanghai YCT Electronics Group Co., Ltd. (“Shanghai YCT”), a company incorporated in the People’s Republic of China (the “PRC”) with its shares listed on the Shenzhen Stock Exchange.

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 December 2024, except for the adoption of the following amended International Financial Reporting Standards (“IFRSs”) for the first time for the current period’s financial statements.

Amendments to IAS 21

Lack of Exchangeability

The nature and impact of the amended IFRS Accounting Standard are described below:

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group’s presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

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, loss on fair value change of investment property 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 June 30, 2025 (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	474,988	579,863	103,993	1,158,844	–	1,158,844
Sales – inter-company	248,910	331,311	–	580,221	(580,221)	–
	<u>723,898</u>	<u>911,174</u>	<u>103,993</u>	<u>1,739,065</u>	<u>(580,221)</u>	<u>1,158,844</u>
Cost of sales	<u>(676,128)</u>	<u>(856,794)</u>	<u>(92,424)</u>	<u>(1,625,346)</u>	<u>580,221</u>	<u>(1,045,125)</u>
Gross profit/segment results	<u>47,770</u>	<u>54,380</u>	<u>11,569</u>	<u>113,719</u>	<u>–</u>	<u>113,719</u>
Other income						2,334
Distribution costs						(10,977)
Administrative expenses						(70,768)
Other gains and losses						(5,650)
Impairment losses reversed under ECL model, net						7,006
Loss on fair value change of investment property						–
Finance costs						<u>(16,011)</u>
Profit before tax						19,653
Income tax credit						<u>1,073</u>
Profit for the period						20,726
Profit attributable to non-controlling interests						<u>–</u>
Profit attributable to owners of the Company						<u>20,726</u>

3. SEGMENT INFORMATION – continued

Six months ended June 30, 2024 (Unaudited)

	Trading of electronic components					
	Southern China Region <i>HK\$'000</i>	Northern China Region <i>HK\$'000</i>	Taiwan <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue						
Sales – external	502,530	523,608	157,330	1,183,468	–	1,183,468
Sales – inter-company	256,794	275,471	875	533,140	(533,140)	–
	759,324	799,079	158,205	1,716,608	(533,140)	1,183,468
Cost of sales	(746,406)	(782,104)	(152,926)	(1,681,436)	533,140	(1,148,296)
Gross profit/segment results	12,918	16,975	5,279	35,172	–	35,172
Other income						1,209
Distribution costs						(10,504)
Administrative expenses						(78,180)
Other gains and losses						(9,436)
Impairment losses recognised under ECL model, net						(1,927)
Loss on fair value change of investment property						384
Finance costs						(14,793)
Loss before tax						(78,075)
Income tax expense						(509)
Loss for the period						(78,584)
Loss attributable to non-controlling interests						20
Loss attributable to owners of the Company						(78,564)

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

4. INCOME TAX (CREDIT) EXPENSE

	For the six months ended June 30,	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The income tax expense comprises:		
Current tax:		
– Hong Kong	285	165
– PRC Enterprise Income Tax (the “EIT”)	–	210
– Taiwan	21	1285
– Taiwan withholding tax on dividends	–	234
	<u>306</u>	<u>1,894</u>
Under (over) provision in respect of prior period:		
– Hong Kong	33	1
– PRC EIT	–	(58)
– Taiwan	22	–
	<u>55</u>	<u>(57)</u>
Deferred tax:		
– Credit to the period	<u>(1,434)</u>	<u>(1,328)</u>
	<u><u>(1,073)</u></u>	<u><u>509</u></u>

Under the two-tiered profits tax rates regime, the Company was subject to Hong Kong Profits Tax at the rate of 8.25% for the first HK\$2,000,000 of assessable profits, and the remaining profits at 16.5%. Subsidiaries of the Company incorporated in Hong Kong were subject to Hong Kong Profits Tax at the rate of 16.5% for the six months ended June 30, 2025 and 2024.

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% (2024: 25%). The tax rate of the Taiwan subsidiary is 20% (2024: 20%).

5. PROFIT (LOSS) FOR THE PERIOD

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

	For the six months ended June 30,	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories recognised as expenses (Note i)	1,045,125	1,148,296
Depreciation of property, plant and equipment	5,931	6,895
Depreciation of right-of-use assets	1,244	2,735
Directors' emoluments (Note ii)	1,781	1,685
Gain on disposal of property, plant and equipment	–	1,825
Audit fees		
Paid to auditor of the Company	819	924
Paid to other auditors	269	543
Non-audit fees		
Paid to auditor of the Company	–	–
Paid to other auditors	–	425
Staff costs (excluding directors' emoluments) (Note ii)	49,581	49,180
Net foreign exchange loss	5,650	8,336
Net loss on fair value changes of derivative financial instruments	–	(726)
Interest income from bank deposits	(179)	(265)
Interest expense on borrowings	15,895	14,650
	=====	=====

Notes:

- (i) During the six months ended June 30, 2025, the amount included the reversal of allowance for inventories amounting to HK\$18,891,000 (2024: the allowance for inventories HK\$41,790,000).
- (ii) During the six months ended June 30, 2025, cost of defined contribution plans amounting to HK\$7,218,000 (2024: HK\$7,545,000) 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\$339,000 (2024: HK\$2,679,000). In addition, the Group disposed of certain property, plant and equipment with a carrying amount of nil (2024: HK\$2,818,000), resulting in a gain of nil (2024: loss of HK\$1,825,000).

7. TRADE RECEIVABLES

	As at June 30, 2025 <i>HK\$'000</i> (Unaudited)	As at December 31, 2024 <i>HK\$'000</i> (Audited)
Trade receivables	711,840	719,934
Less: allowance for credit losses	(4,564)	(11,486)
	707,276	708,448

The Group allows a credit period of 30 to 120 days (December 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 June 30, 2025 <i>HK\$'000</i> (Unaudited)	As at December 31, 2024 <i>HK\$'000</i> (Audited)
Within 60 days	410,764	397,901
61 to 90 days	142,961	119,801
Over 90 days	153,551	190,746
	707,276	708,448

8. AMOUNTS DUE FROM RELATED COMPANIES

	As at June 30, 2025 <i>HK\$'000</i> (Unaudited)	As at December 31, 2024 <i>HK\$'000</i> (Audited)
Trade balance (Note)	1,781	948

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

Note: Shanghai YCT (listed on ChiNext Board of the Shenzhen Stock Exchange) and its subsidiaries are defined as related companies.

9. AMOUNTS DUE TO A RELATED COMPANY

	As at June 30, 2025 HK\$'000 (Unaudited)	As at December 31, 2024 HK\$'000 (Audited)
Non-trade balance (Note)	3,860	—

Amounts due to related companies are non-trade in nature, unsecured, interest-free and repayable on demand.

Note: GW Electronics Company Limited are defined as a related company.

10. TRANSFER OF FINANCIAL ASSETS

As at June 30, 2025, the Group's trade receivables amounting to HK\$88,333,000 (December 31, 2024: HK\$21,375,000) 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\$108,432,000 (December 31, 2024: HK\$72,561,000).

11. 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 June 30, 2025 HK\$'000 (Unaudited)	As at December 31, 2024 HK\$'000 (Audited)
Within 30 days	286,296	274,729
31 to 60 days	85,188	48,267
61 to 90 days	5,552	2
	377,036	322,998

12. LOANS FROM THE ULTIMATE HOLDING COMPANY

On September 27, 2024, Shanghai YCT, the ultimate controlling shareholder of the Company, entered into a loan agreement (the “Loan”) with the Company together with the Company’s PRC subsidiaries to replenish the Group’s working capital and for repayment of the Group’s higher-interest-rate trust receipt loans. According to the Loan, Shanghai YCT would grant loans at the aggregating amount not more than RMB150,000,000 with effective interest rate at 6.8% per annum to the Company and the Company’s PRC subsidiaries. These loans are unsecured and repayable in one year. The provision of the Loan from Shanghai YCT to the Company constitutes a connected transaction of the Company under Chapter 14A of the HK Listing Rules. However, as the Loan is conducted on normal commercial terms or better and it is not secured by the assets of the Group, the Loan is fully exempted from the announcement, circular, independent financial advice and Shareholders’ approval requirements under pursuant to Rule 14A.90 of the HK Listing Rules.

As at June 30, 2025, the carrying amount of the loan from Shanghai YCT was HK\$78,819,000 (December 31, 2024: HK\$163,180,000), including loan interest of HK\$339,000 (December 31, 2024: HK\$1,193,000).

13. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$1.0 each		
Authorised		
At January 1, 2024 (Unaudited), June 30, 2024 (Unaudited), January 1, 2025 (Audited) and June 30, 2025 (Unaudited)	120,000	120,000
Issued and paid up		
At January 1, 2024 (Unaudited)	87,622	87,622
Exercise of share options	70	70
At June 30, 2024 (Unaudited), January 1, 2025 (Audited) and June 30, 2025 (Unaudited)	87,692	87,692

The Company has no treasury shares.

14. 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 did not exercise any of their share options nor subscribe for shares of the Company.

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 January 1, 2024 (Unaudited)	1,296,500
Forfeited during the period	(414,500)
Exercised during the period	<u>(70,000)</u>
Outstanding share options for ordinary shares at June 30, 2024 (Unaudited)	812,000
Forfeited during the period	<u>(465,000)</u>
Outstanding share options for ordinary shares at January 1, 2025 (Audited) and June 30, 2025 (Unaudited)	<u><u>347,000</u></u>

14. SHARE-BASED PAYMENTS – continued

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

	ESOS III December 2, 2020	ESOS III July 17, 2017 (Note)
Grant date		
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.

15. DIVIDEND

No dividend was declared and paid during the six months ended June 30, 2025 and 2024.

The Board has resolved not to declare any interim dividend for the six months ended June 30, 2025 (2024: nil).

16. EARNINGS (LOSS) PER SHARE

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

	Group Figures			
	For the six months ended June 30, 2025		For the six months ended June 30, 2024	
	(Unaudited)		(Unaudited)	
	Basic	Diluted	Basic	Diluted
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit (loss) attributable to owners of the Company	<u>20,726</u>	<u>20,726</u>	<u>(78,564)</u>	<u>(78,564)</u>
	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of ordinary shares	87,692,049	87,692,049	87,647,818	87,647,818
Adjustment for dilutive potential ordinary shares	<u>–</u>	<u>9,969</u>	<u>–</u>	<u>N/A</u>
Weighted average number of ordinary shares used to compute earnings (loss) per share	<u>87,692,049</u>	<u>87,702,018</u>	<u>87,647,818</u>	<u>87,647,818</u>
Earnings (loss) per share (HK cents)	<u>23.63</u>	<u>23.63</u>	<u>(89.64)</u>	<u>(89.64)</u>

The computation of diluted loss per share for the six months ended June 30, 2024 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 period.

17. NET ASSET VALUE

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

	Group Figures		Company Figures	
	As at	As at	As at	As at
	June 30,	December 31,	June 30,	December 31,
	2025	2024	2025	2024
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Net asset value per ordinary share based on the number of issued shares of the Company at the end of the period/year (HK cents)	506.31	476.98	459.89	459.02

The net asset backing per ordinary share as at June 30, 2025 was based on a total of 87,692,049 (December 31, 2024: 87,692,049) issued ordinary shares.

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

As at June 30, 2025

	As at June 30, 2025 <i>HK\$'000</i> (Unaudited)	As at December 31, 2024 <i>HK\$'000</i> (Audited)
Non-current assets		
Amount due from a subsidiary	33,814	33,814
Interests in subsidiaries	179,478	179,478
Total non-current assets	213,292	213,292
Current assets		
Amounts due from subsidiaries	196,334	197,917
Deposits and prepayments	79	145
Income tax recoverable	–	–
Cash and cash equivalents	656	672
Total current assets	197,069	198,734
Total assets	410,361	412,026
Current liabilities		
Amount due to a subsidiary	3,798	4,738
Other payables	1,888	1,992
Income tax payable	272	550
Financial guarantee liabilities	1,112	2,223
Total current liabilities	7,070	9,503
Net current assets	189,999	189,231
Total assets less current liabilities	403,291	402,523
Capital and reserves		
Share capital	87,692	87,692
Reserves	315,599	314,831
Equity attributable to owners of the Company	403,291	402,523
Total liabilities and equity	410,361	412,026

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

For the six months ended June 30, 2025

	Share capital <i>HK\$'000</i>	Capital reserves <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At January 1, 2024 (Unaudited)	<u>87,622</u>	<u>199,274</u>	<u>107,472</u>	<u>394,368</u>
Profit for the period, representing total comprehensive income for the period	–	–	3,361	3,361
Transactions with owners, recognised directly in equity:				
Exercise of share options	70	113	–	183
Share options forfeited	<u>–</u>	<u>(365)</u>	<u>365</u>	<u>–</u>
Total	<u>70</u>	<u>(252)</u>	<u>365</u>	<u>183</u>
At June 30, 2024 (Unaudited)	<u><u>87,692</u></u>	<u><u>199,022</u></u>	<u><u>111,198</u></u>	<u><u>397,912</u></u>
At January 1, 2025 (Audited)	<u>87,692</u>	<u>198,638</u>	<u>116,193</u>	<u>402,523</u>
Profit for the period, representing total comprehensive income for the period	–	–	768	768
Transactions with owners, recognised directly in equity:				
Exercise of share options	–	–	–	–
Share options forfeited	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
At June 30, 2025 (Unaudited)	<u><u>87,692</u></u>	<u><u>198,638</u></u>	<u><u>116,961</u></u>	<u><u>403,291</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group recorded its profit to approximately HK\$20.7 million for the six months ended June 30, 2025 (“1H FY2025”) as compared to a loss of approximately HK\$78.6 million for the six months ended June 30, 2024 (“1H FY2024”). The significant improvement in the Group’s financial performance during the 1H FY2025 is mainly attributable to:

- (i) general improvement in gross profit margin during 1H FY2025 as compared with 1H FY2024;
- (ii) net impairment reversals of certain trade receivables of the Group in 1H FY2025 as compared to net impairment losses in 1H FY2024; and
- (iii) net reversal of allowance for inventory for 1H FY2025 as compared to stock provision made for the slow-moving inventories in 1H FY2024.

Revenue

The Group’s revenue decreased by 2.1% to HK\$1,158.8 million in 1H FY2025 as compared to HK\$1,183.5 million in 1H FY2024. This was due to a decline in sales across all its segments except for the Automotive and Others segments.

Revenue by Market Segment Analysis

	1H FY2025		1H FY2024		Increase/(Decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Automotive	332,102	28.7%	306,867	25.9%	25,235	8.2%
Industrial	298,886	25.8%	307,124	26.0%	(8,238)	-2.7%
Home Appliance	190,322	16.4%	195,834	16.6%	(5,512)	-2.8%
Electronic						
Manufacturing						
Services ("EMS")	101,819	8.8%	103,588	8.7%	(1,769)	-1.7%
Dealer	79,792	6.9%	90,004	7.6%	(10,212)	-11.4%
Audio and Video	64,179	5.5%	77,567	6.5%	(13,388)	-17.3%
Telecommunications	63,527	5.5%	71,903	6.1%	(8,376)	-11.7%
Lighting	14,939	1.3%	18,821	1.6%	(3,882)	-20.6%
Others	13,278	1.1%	11,760	1.0%	1,518	12.9%
	<u>1,158,844</u>	<u>100.0%</u>	<u>1,183,468</u>	<u>100.0%</u>	<u>(24,624)</u>	<u>-2.1%</u>

Automotive

Revenue from the Automotive segment increased by approximately 8.2% to HK\$332.1 million in 1H FY2025. During the reporting period, following a year of strategic market deployment, we achieved significant progress in the Automotive Segment. The market share of key clients steadily expanded, and robust partnerships were established and deepened with leading domestic automotive manufacturers. Concurrently, we built a resilient collaborative network across tier-1 and tier-2 supply chains. These initiatives effectively propelled the segment's sustained growth performance.

Industrial

The Industrial segment recorded revenue of HK\$298.9 million in 1H FY2025, representing a decrease of approximately 2.7% compared to the same period last year. During the reporting period, the overall industrial segment maintained its upward growth momentum, achieving double-digit growth. However, the performance of the Company's industrial segment experienced a decline, primarily due to the strategic optimization and adjustment of cooperation with a major client. As the business with this client yielded relatively low profit margins and posed potential credit risks, we have suspended new cooperation to safeguard the overall operational quality.

Home Appliance

The Home Appliance segment, recorded sales of HK\$190.3 million in 1H FY2025, representing a decrease of approximately 2.8% as compared to 1H FY2024. During the reporting period, prolonged inventory clearance cycles and slower order fulfillment from core clients were observed primarily due to overstocking among downstream home appliance customers over the past year.

EMS

Revenue from this segment decreased approximately 1.7% to HK\$101.8 million in 1H FY2025. The segment experienced business contraction following the end-of-life (EOL) phase of a major client's OEM project.

Dealer

The Dealer segment recorded revenue of HK\$79.8 million in 1H FY2025, representing a decrease of approximately 11.4% as compared to 1H FY2024. After year-long efforts, our inventories have normalized to healthy levels, leading to reduced clearance intensity and stabilized operations.

Audio and Video

The Audio and Video segment recorded a revenue of HK\$64.2 million in 1H FY2025, representing a decrease of approximately 17.3% as compared to 1H FY2024. The segment performance faced dual headwinds: the forced termination of cooperation with a key client impacted by U.S. sanctions; and a proactive exit from low-margin business with another major client to optimize profitability.

Telecommunications

Revenue from the Telecommunications segment decreased by 11.7% to HK\$63.5 million in 1H FY2025 mainly due to product EOL by a supplier and restricted cooperation with a major client affected by U.S. sanctions.

Lighting

The Lighting segment recorded a revenue of HK\$14.9 million in 1H FY2025, representing a 20.6% decline compared to the same period last year. The segment revenue encountered twin challenges and reduced partnership share after a core client shifted to direct supplier procurement; slower order pickup pressured by high inventory levels at key clients.

Others

The Others segment recorded a 12.9% increase in revenue to HK\$13.3 million in 1H FY2025. The growth in this segment's performance was mainly driven by our steady growth through strategic expansion: market diversification via new brand introductions and strategic entry into the drone sector generating positive growth momentum.

Gross Profit Margin

The Group's gross profit margin increased to 9.8% in 1H FY2025 from 3.0% in 1H FY2024 primarily due to a net reversal of allowance for inventories of HK\$18.9 million made in 1H FY2025, compared to a stock provision of HK\$41.8 million in 1H FY2024. The net reversal of allowances for inventories was mainly attributable to (i) the improved pricing due to recovering market demand; and (ii) the successful efforts to clear aged inventories.

Excluding the net reversal of allowances for inventories and net stock provision, the adjusted gross profit margin in 1H FY2025 would have been 8.2%, compared to 6.5% in 1H FY2024.

Other Income

Other income increased by HK\$1.1 million to HK\$2.3 million in 1H FY2025 from HK\$1.2 million in 1H FY2024, mainly driven by an increase in rental income of HK\$0.8 million from related companies and a one-off tax rebate of HK\$0.7 million from the Chinese government in 1H FY2025.

Distribution Costs

Distribution costs remained stable with a slight increase of HK\$0.5 million to HK\$11.0 million in 1H FY2025, compared to HK\$10.5 million in 1H FY2024.

Administrative Expenses

Administrative expenses declined by HK\$7.4 million, or 9.5% to HK\$70.8 million in 1H FY2025 from HK\$78.2 million in 1H FY2024. The reduction was primarily due to the Group's proactive review and streamlining of its cost structure, aimed at enhancing better capital efficiency across operations.

Other Gains and Losses

Other losses amounted to HK\$5.7 million in 1H FY2025. The decrease in other losses was mainly due to the decrease in exchange losses amounting approximately HK\$2.7 million arising from Renminbi ("RMB") maintained relative stability against the US dollar ("USD") during 1H FY2025, while experiencing moderated fluctuations against the Hong Kong dollar ("HKD") as compared to 1H FY2024.

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

A net reversal of impairment losses of HK\$7.0 million on trade receivables was recorded 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, increased slightly by HK\$1.2 million or 8.2% to HK\$16.0 million in 1H FY2025 from HK\$14.8 million in 1H FY2024. The increase was mainly due to net effect of: (i) the higher interest expenses on loans from the ultimate holding company compared to the same period last year due to the loan agreement was entered with the Group since September 2024; and (ii) a decrease in the weighted average effective interest rate in 1H FY2025 as compared with 1H FY2024.

LIQUIDITY AND FINANCIAL RESOURCES

Financial Position

Trust receipt loans decreased by HK\$114.9 million to HK\$25.1 million as at June 30, 2025, from HK\$140.0 million as at December 31, 2024. The decrease was mainly due to the repayment of trust receipt loans towards the end of the current interim period.

Trade payables increased to HK\$377.0 million as at June 30, 2025, from HK\$323.0 million as at December 31, 2024. The increase was mainly due to the increased purchases towards the end of the current interim period as compared with the purchases towards 1H FY2024.

Trade receivables remained stable and slightly decreased by HK\$1.1 million to HK\$707.3 million as at June 30, 2025, from HK\$708.4 million as at December 31, 2024.

As at June 30, 2025, the Group's current ratio (current assets divided by current liabilities) was 1.26 (December 31, 2024: 1.20).

Inventories

Inventories decreased to HK\$339.4 million as at June 30, 2025, from HK\$417.9 million as at December 31, 2024. The inventory turnover days also improved, decreasing to 2.0 months as at June 30, 2025, from 2.2 months as at December 31, 2024.

Cash Flow

As at June 30, 2025, the Group had a working capital of HK\$228.5 million which included a cash balance of HK\$49.6 million, as compared to a working capital of HK\$200.6 million which included a cash balance of HK\$41.4 million as at December 31, 2024. The increase in cash by HK\$8.2 million was primarily attributable to the net effect of cash inflow of HK\$219.6 million generated from operating activities and cash outflow of HK\$204.9 million used in financing activities. The Group's cash balance was mainly denominated in USD, RMB and HKD.

Cash inflow in operating activities was mainly due to the decrease in inventories and increase in trade payables.

Cash outflow from financing activities was mainly attributable to the net effect of (i) decrease in trust receipt loans; (ii) increase in bank borrowings; and (iii) decrease in loans from the ultimate holding company in 1H FY2025.

Borrowings and Banking Facilities

As at June 30, 2025, the Group had bank borrowings of HK\$365.2 million, which were repayable within one year. Among the Group's bank borrowings, 11.8% was denominated in USD and 78.8% was denominated in RMB and the remainder was denominated in HKD. As at June 30, 2025, the fixed-rate bank borrowings and the variable-rate bank borrowings accounted for 86.0% and 14.0%, respectively. The fixed-rate bank borrowings bore interest at a weighted average effective rate of 3.47% per annum, while variable-rate bank borrowings bore interest at a weighted average effective rate of 3.90% per annum.

As at June 30, 2025, trust receipt loans of HK\$25.1 million were secured and repayable within one year and bore interest at a weighted average effective rate of 7.44% per annum. 100% of the trust receipt loans was denominated in USD. As at June 30, 2025, the Group had unutilised banking facilities of HK\$427.8 million (December 31, 2024: HK\$314.6 million).

As at June 30, 2025, the Group had loans from the ultimate holding company of HK\$78.8 million (December 31, 2024: HK\$163.2 million), 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 June 30, 2025		As at December 31, 2024	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
291,720	98,620	279,917	177,032

As at June 30, 2025, the Group's trade receivables amounting to HK\$88.3 million (December 31, 2024: HK\$21.4 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\$108.4 million (December 31, 2024: HK\$72.6 million).

As at June 30, 2025, the Group's remaining secured bank borrowings amounting to HK\$75.7 million (December 31, 2024: HK\$67.3 million) had been secured by the pledge of certain bills receivables held by the Group amounting to HK\$13.4 million (December 31, 2024: HK\$10.7 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 June 30, 2025, the Group’s net gearing ratio was 104.9% (December 31, 2024: 139.9%). 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 decrease was mainly due to decrease in loans from the ultimate holding company, increases in cash and cash equivalents and shareholders’ equity (resulting from the profit 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)*

Amid persistent U.S.-China tariff tensions and resulting market uncertainties, the Group is strategically positioning itself to thrive in a complex global environment. Leveraging over 40 years’ experience and the new synergy with Shanghai YCT, the Group aims to establish a robust overseas expansion platform capable of navigating intricate supply chain dynamics and responding to the relocation trends of its client base. This initiative is designed to sustain current business operations while unlocking new growth opportunities in emerging markets. Domestically, the Group continues to face challenges stemming from weak demand, particularly in the real estate and consumer sectors, necessitating a proactive and diversified approach.

To counterbalance these challenges and drive sustainable growth, the Group will pursue the following strategic priorities:

Deepen its EV Market Focus

Under the leadership of our newly appointed management team, the Group is committed to strengthening its presence in the rapidly evolving electric vehicle (EV) sector. This will involve:

- o Expanding our product line to include cutting-edge EV components, such as advanced battery systems and powertrain technologies, to meet rising global demand.
- o Broadening distribution networks to penetrate untapped markets, ensuring wider accessibility for our offerings.
- o Introducing competitive overseas product lines, sourced from high-growth regions, to diversify our portfolio and maintain a competitive edge.
- o Selecting resilient domestic suppliers, prioritizing those with proven adaptability to market volatility, to bolster supply chain stability.

Build Segment Leadership in Automotive and Audio Components

The Group will solidify its position as a market leader in the automotive and audio components segments. By leveraging our deep expertise and innovative capabilities, we will focus on delivering high-quality, technologically advanced products such as next-generation audio systems and precision-engineered automotive parts that cater to the evolving needs of our customers. This commitment to excellence will serve as a cornerstone of our growth strategy.

Develop a Collaborative Platform

To support domestic manufacturers expanding into global markets and assist relocating Chinese clients, the Group will launch a comprehensive collaborative platform. This digital hub will facilitate networking, knowledge sharing, and partnership opportunities, empowering our clients to overcome the challenges of international expansion. For example, a relocating client could use the platform to connect with local suppliers or access market entry insights, enhancing their operational success.

Implement a Flexible Partner Program

Recognising the critical role of client relationships in long-term success, the Group will introduce a flexible Partner Program. This initiative will provide tailored solutions such as customized product offerings or adaptive service agreements to meet the unique needs of our key clients. By fostering strong, mutually beneficial partnerships, we aim to ensure resilience and shared growth in an unpredictable market.

Optimize Client Selection

Utilizing advanced industry analytics and performance metrics, the Group will refine its client selection process. We will prioritize partnerships with clients in high-growth sectors, such as renewable energy and technology, and those demonstrating strong financial and operational stability. This data-driven approach will enable us to allocate resources efficiently and maximize returns on investment.

This integrated strategy is carefully designed to navigate short-term market volatility while capitalizing on structural growth drivers, such as the global shift toward electrification and increasing demand for innovative components. In the EV sector, our expanded product offerings and enhanced supply chain resilience will position us as a trusted partner to industry leaders. Simultaneously, our focus on segment leadership, collaboration, and client optimization will strengthen our competitive positioning across key markets.

Looking ahead, the Group is confident that these initiatives will deliver sustainable growth and create lasting value for our shareholders. While mindful of the risks posed by geopolitical tensions and economic uncertainties, we remain committed to executing our strategy with agility and precision, ensuring we are well-equipped to seize opportunities in a dynamic global landscape.

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

On June 12, 2025, the Company entered into six subscription agreements (“Subscription Agreements”) with six subscribers (collectively the “Subscribers”) respectively who are independent to the Group, pursuant to which the Company has conditionally agreed to allot and issue and the Subscribers have conditional agreed to subscribe for the ordinary shares of the Company at the subscription price of HK\$2.66 per share (equivalent to approximately S\$0.44 based on the exchange rate of S\$ to HK\$ of S\$1 to HK\$6.09 as at the date of the Announcement dated July 15, 2025) (“Subscription Shares”). The Subscription Shares comprise of 15,000,000 new shares of the Company, representing approximately 17.11% of the existing issued Shares of the Company as at the date of the Subscription Agreements and approximately 14.61% of the issued Shares of the Company as enlarged after the allotment and issue of the Subscription Shares. All the conditions precedent set out in the Subscription Agreements have been fulfilled and the Completion took place on July 15, 2025 in accordance with the terms and conditions of the Subscription Agreements. Details of above are set out in the Company’s announcements dated June 12, 2025, June 23 2025 and July 15, 2025.

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 June 30, 2025 (1H FY2024: nil) as the Group intends to retain cash for its business operations and future growth.

EMPLOYEES AND REMUNERATION POLICIES

As at June 30, 2025, the Group had a workforce of 303 (December 31, 2024: 312) full-time employees, of which 18.2% worked in Hong Kong, 76.2% 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 June 30, 2025, the Group pledged certain properties of HK\$148.3 million (December 31, 2024: HK\$142.2 million) to secure trust receipt loans of HK\$25.1 million (December 31, 2024: HK\$140.0 million) and bank borrowings of HK\$153.2 million (December 31, 2024: HK\$146.3 million).

CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at June 30, 2025 (December 31, 2024: nil).

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

During the six months ended June 30, 2025, 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 June 30, 2025, 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 June 30, 2025, 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 June 30, 2025.

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 June 30, 2025 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.

CHANGES IN INFORMATION

Besides as disclosed in announcements dated at June 27, 2025 and July 9, 2025, other information required to be disclosed under Rule 13.51B(1) of the HK Listing Rules will be disclosed in the Interim Report.

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.

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 August 1, 2025, 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 June 30, 2025 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, August 14, 2025

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.