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

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS  
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2015**

**FINANCIAL HIGHLIGHTS**

	<b>For the six months ended September 30,</b>		<b>Change %</b>
	<b>2015 HK\$'000 (Unaudited)</b>	<b>2014 HK\$'000 (Unaudited)</b>	
Revenue	<b>1,878,222</b>	1,779,351	<b>+5.6</b>
Gross profit	<b>175,346</b>	150,131	<b>+16.8</b>
(Loss) profit before tax	<b>(29,516)</b>	16,218	<b>-282.0</b>
(Loss) profit attributable to shareholders	<b>(39,224)</b>	13,697	<b>-386.4</b>
Basic (loss) earnings per share <i>(HK cents)</i>	<b>(52.02)</b>	(Restated) 18.27	<b>-384.8</b>

## UNAUDITED FINANCIAL RESULTS

The board of directors (the “Board”) of Willas-Array Electronics (Holdings) Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended September 30, 2015, together with the relevant comparative figures as follows:

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

For the six months ended September 30, 2015

		For the six months ended September 30,		Change
	NOTES	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	%
Revenue	3	1,878,222	1,779,351	+5.6
Cost of sales		(1,702,876)	(1,629,220)	+4.5
Gross profit		175,346	150,131	+16.8
Other operating income		1,954	1,022	+91.2
Distribution costs		(23,965)	(22,714)	+5.5
Administrative expenses		(100,817)	(107,074)	-5.8
Share of (loss) profit of associates		(19,202)	355	NM
Impairment loss recognised in respect of interests in associates		(45,000)	-	NM
Other gains and losses		(9,773)	170	NM
Amortisation of financial guarantee liabilities		2,154	2,465	-12.6
Finance costs		(10,213)	(8,137)	+25.5
(Loss) profit before tax		(29,516)	16,218	-282.0
Income tax expenses	4	(8,321)	(5,134)	+62.1
(Loss) profit for the period	5	(37,837)	11,084	-441.4
Other comprehensive (expense) income:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
– Exchange differences on translation of overseas operations		(7,811)	(1)	NM
– Release of exchange differences upon dissolution of overseas operations		(51)	280	-118.2
Other comprehensive (expense) income for the period, net of tax		(7,862)	279	NM
Total comprehensive (expense) income for the period		(45,699)	11,363	-502.2

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

*For the six months ended September 30, 2015*

		<b>For the six months ended September 30,</b>		
	<i>NOTE</i>	<b>2015 HK\$'000 (Unaudited)</b>	<b>2014 HK\$'000 (Unaudited)</b>	<b>Change %</b>
(Loss) profit attributable to:				
Owners of the Company		<b>(39,224)</b>	13,697	<b>-386.4</b>
Non-controlling interests		<b>1,387</b>	(2,613)	<b>+153.1</b>
		<u><b>(37,837)</b></u>	<u>11,084</u>	<b>-441.4</b>
Total comprehensive (expense) income attributable to:				
Owners of the Company		<b>(47,066)</b>	13,976	<b>-436.8</b>
Non-controlling interests		<b>1,367</b>	(2,613)	<b>+152.3</b>
		<u><b>(45,699)</b></u>	<u>11,363</u>	<b>-502.2</b>
			(Restated)	
(Loss) earnings per share	13			
– Basic (HK cents)		<u><b>(52.02)</b></u>	<u>18.27</u>	<b>-384.8</b>
– Diluted (HK cents)		<u><b>(52.02)</b></u>	<u>18.04</u>	<b>-388.4</b>

NM: Not meaningful

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at September 30, 2015*

	<i>NOTES</i>	As at September 30, 2015 <i>HK\$'000</i> (Unaudited)	As at March 31, 2015 <i>HK\$'000</i> (Audited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		398,225	305,955
Restricted bank deposits		4,878	2,516
Trade and bills receivables	6	645,168	573,421
Other receivables and prepayment – current		10,444	8,678
Prepaid lease payments – current		12	12
Derivative financial instruments		–	20
Income tax recoverable		–	452
Inventories		514,584	515,274
		1,573,311	1,406,328
Total current assets			
<b>Non-current assets</b>			
Prepaid lease payments – non-current		587	594
Property, plant and equipment	8	260,934	272,711
Long-term deposits		1,335	1,125
Available-for-sale investments		2,001	2,001
Interests in associates		44,275	82,498
Deferred tax assets		471	413
		309,603	359,342
Total non-current assets			
<b>Total assets</b>		<b>1,882,914</b>	<b>1,765,670</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

– continued

As at September 30, 2015

	<i>NOTES</i>	As at September 30, 2015 <i>HK\$'000</i> (Unaudited)	As at March 31, 2015 <i>HK\$'000</i> (Audited)
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trust receipt loans		628,873	506,466
Trade and bills payables	9	298,205	347,440
Other payables		39,927	36,544
Income tax payable		8,389	1,436
Derivative financial instruments		–	92
Financial guarantee liabilities		193	730
Bank borrowings		294,149	189,610
		1,269,736	1,082,318
Total current liabilities			
<b>Non-current liabilities</b>			
Deferred tax liabilities		24,966	25,774
		24,966	25,774
<b>Capital, reserves and non-controlling interests</b>			
Issued capital	10	75,506	75,349
Capital reserves		194,481	194,343
Other reserves		321,447	392,475
		591,434	662,167
Equity attributable to owners of the Company			
Non-controlling interests		(3,222)	(4,589)
		588,212	657,578
Total equity			
<b>Total liabilities and equity</b>		<b>1,882,914</b>	<b>1,765,670</b>
<b>Net current assets</b>		<b>303,575</b>	<b>324,010</b>
<b>Total assets less current liabilities</b>		<b>613,178</b>	<b>683,352</b>

## CONDENSED STATEMENT OF FINANCIAL POSITION – COMPANY LEVEL

*As at September 30, 2015*

	<i>NOTE</i>	<b>As at September 30, 2015 HK\$'000 (Unaudited)</b>	<b>As at March 31, 2015 HK\$'000 (Audited)</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		3,037	3,367
Other receivables and prepayment – current		189,451	159,057
Total current assets		<b>192,488</b>	162,424
<b>Non-current assets</b>			
Other receivables – non-current		–	49,000
Investments in subsidiaries		117,470	117,470
Interests in associates		–	7,490
Total non-current assets		<b>117,470</b>	173,960
<b>Total assets</b>		<b>309,958</b>	<b>336,384</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Other payables		10,053	10,270
Income tax payable		320	109
Financial guarantee liabilities		193	730
Total current liabilities		<b>10,566</b>	11,109
<b>Equity attributable to owners of the Company</b>			
Issued capital	10	75,506	75,349
Capital reserves		194,481	194,343
Other reserves		29,405	55,583
Total equity		<b>299,392</b>	325,275
<b>Total liabilities and equity</b>		<b>309,958</b>	<b>336,384</b>
<b>Net current assets</b>		<b>181,922</b>	<b>151,315</b>
<b>Total assets less current liabilities</b>		<b>299,392</b>	<b>325,275</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended September 30, 2015

	For the six months ended September 30,	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Operating activities</b>		
(Loss) profit before tax	(29,516)	16,218
Adjustments for:		
Depreciation expense	7,421	6,019
Amortisation of prepaid lease payments	7	6
Interest expense	10,213	8,137
Allowance for inventories	1,367	6,664
Allowance for doubtful trade receivables	1,017	9
Gain on disposal of property, plant and equipment	(10)	(26)
Net gain on fair value changes of derivative financial instruments	(72)	(203)
Share of loss (profit) of associates	19,202	(355)
Impairment loss recognised in respect of interests in associates	45,000	–
Amortisation of financial guarantee liabilities	(2,154)	(2,465)
Interest income	(458)	(401)
Release of exchange differences upon dissolution of overseas operation	(51)	280
Operating cash flows before movements in working capital	51,966	33,883
Increase in trade and bills receivables	(80,149)	(86,645)
Increase in other receivables and prepayment	(1,802)	(2,330)
Increase in inventories	(2,590)	(75,798)
Decrease in trade and bills payables	(48,499)	(21,227)
Increase in other payables	2,788	561
(Increase) decrease in long-term deposits	(214)	139
Cash used in operations	(78,500)	(151,417)
Income tax paid	(1,368)	(898)
Interest paid	(9,194)	(7,311)
Interest received	458	401
Net cash used in operating activities	(88,604)	(159,225)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – continued**  
*For the period ended September 30, 2015*

	<b>For the six months ended September 30,</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Investing activities</b>		
Purchase of property, plant and equipment	(1,249)	(5,194)
Withdrawal of restricted bank deposits	2,638	2,516
Placement of restricted bank deposits	(5,000)	(2,516)
Proceeds from disposal of property, plant and equipment	11	112
Capital injection to associates	(24,500)	(24,500)
	<u>(28,100)</u>	<u>(29,582)</u>
Net cash used in investing activities		
<b>Financing activities</b>		
Dividend paid to shareholders	(23,962)	(25,702)
Proceeds from exercise of share options	295	1,675
Repayment of trust receipt loans	(1,009,303)	(829,631)
Proceeds from trust receipt loans	1,131,710	1,075,016
Repayment of bank borrowings	(171,725)	(108,577)
Proceeds from bank borrowings	276,682	96,854
	<u>203,697</u>	<u>209,635</u>
Net cash from financing activities		
Net increase in cash and cash equivalents	86,993	20,828
Cash and cash equivalents at beginning of the period	305,955	218,977
Effects of exchange rate changes on the balance of cash held in foreign currencies	5,277	–
	<u>398,225</u>	<u>239,805</u>
Cash and cash equivalents at end of the period		



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the period ended September 30, 2015*

	Issued capital	Capital reserves	Statutory reserve	Revaluation reserve	Currency translation reserve	Accumulated profits	Attributable to owners of the Company	Non- controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at April 1, 2014 (Audited)	74,544	195,716	16,480	–	20,756	250,120	557,616	(2,847)	554,769
Total comprehensive income for the period:									
Profit for the period	–	–	–	–	–	13,697	13,697	(2,613)	11,084
Other comprehensive income for the period, net of income tax	–	–	–	–	279	–	279	–	279
Total	–	–	–	–	279	13,697	13,976	(2,613)	11,363
Transactions with owners, recognised directly in equity:									
Exercise of share options	805	870	–	–	–	–	1,675	–	1,675
Share options lapsed	–	(2,100)	–	–	–	2,100	–	–	–
Dividend paid (Note 12)	–	–	–	–	–	(25,702)	(25,702)	–	(25,702)
Total	805	(1,230)	–	–	–	(23,602)	(24,027)	–	(24,027)
Balance at September 30, 2014 (Unaudited)	<u>75,349</u>	<u>194,486</u>	<u>16,480</u>	<u>–</u>	<u>21,035</u>	<u>240,215</u>	<u>547,565</u>	<u>(5,460)</u>	<u>542,105</u>
Balance at April 1, 2015 (Audited)	75,349	194,343	16,525	96,619	20,758	258,573	662,167	(4,589)	657,578
Total comprehensive (expense) income for the period:									
Profit for the period	–	–	–	–	–	(39,224)	(39,224)	1,387	(37,837)
Other comprehensive expense for the period, net of income tax	–	–	–	–	(7,842)	–	(7,842)	(20)	(7,862)
Total	–	–	–	–	(7,842)	(39,224)	(47,066)	1,367	(45,699)
Transactions with owners, recognised directly in equity:									
Exercise of share options	157	138	–	–	–	–	295	–	295
Dividend paid (Note 12)	–	–	–	–	–	(23,962)	(23,962)	–	(23,962)
Total	157	138	–	–	–	(23,962)	(23,667)	–	(23,667)
Balance at September 30, 2015 (Unaudited)	<u>75,506</u>	<u>194,481</u>	<u>16,525</u>	<u>96,619</u>	<u>12,916</u>	<u>195,387</u>	<u>591,434</u>	<u>(3,222)</u>	<u>588,212</u>

*Note:* The statutory reserve is non-distributable and was appropriated from the profit after tax of the Company's subsidiaries in the People's Republic of China (the "PRC") and Taiwan under the laws and regulations of the PRC and Taiwan.

## CONDENSED STATEMENT OF CHANGES IN EQUITY – COMPANY LEVEL

*For the period ended September 30, 2015*

	<u>Issued capital</u>	<u>Capital reserves</u>	<u>Accumulated profits</u>	<u>Total</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at April 1, 2014 (Audited)	74,544	195,716	39,858	310,118
Profit for the period, representing total comprehensive income for the period	–	–	7,100	7,100
Transactions with owners, recognised directly in equity:				
Exercise of share options	805	870	–	1,675
Share options lapsed	–	(2,100)	2,100	–
Dividend paid ( <i>Note 12</i> )	–	–	(25,702)	(25,702)
Total	<u>805</u>	<u>(1,230)</u>	<u>(23,602)</u>	<u>(24,027)</u>
Balance at September 30, 2014 (Unaudited)	<u><u>75,349</u></u>	<u><u>194,486</u></u>	<u><u>23,356</u></u>	<u><u>293,191</u></u>
Balance at April 1, 2015 (Audited)	75,349	194,343	55,583	325,275
Loss for the period, representing total comprehensive expense for the period	–	–	(2,216)	(2,216)
Transactions with owners, recognised directly in equity:				
Exercise of share options	157	138	–	295
Dividend paid ( <i>Note 12</i> )	–	–	(23,962)	(23,962)
Total	<u>157</u>	<u>138</u>	<u>(23,962)</u>	<u>(23,667)</u>
Balance at September 30, 2015 (Unaudited)	<u><u>75,506</u></u>	<u><u>194,481</u></u>	<u><u>29,405</u></u>	<u><u>299,392</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended September 30, 2015*

## 1. BASIS OF PREPARATION

The Company is 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 Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. Its principal place of business is at 24/F, Wyler Centre Phase 2, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong. The ordinary shares of the Company are listed on the Main Board of Singapore Exchange Securities Trading Limited and the Main Board of The Stock Exchange of Hong Kong Limited (the "HK Stock Exchange"). The condensed consolidated financial statements are presented in Hong Kong dollars which is also the functional currency of the Company.

The principal activity of the Company is investment holding and the Group is 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 HK Stock Exchange (the "HK Listing Rules").

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### **Application of International Financial Reporting Standards**

In the current reporting period, the Group has applied, for the first time, new Interpretations and certain amendments to the International Financial Reporting Standards ("IFRSs") issued by the IASB that are mandatory effective for the current reporting period.

The accounting policies adopted and methods of computation used are consistent with those followed in the preparation of the Group's audited financial statements for the year ended March 31, 2015 and the adoption of these new and revised IFRSs does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior periods.

## 3. SEGMENT INFORMATION

Information reported to the Group's chief operating decision maker ("CODM") for the purposes of resource allocation and assessment of segment performance are principally categorised into two key operating segments, (i) trading of electronic components and (ii) trading and designing integrated circuits, in which for trading of electronic components segment, it will further be disaggregated by geographical locations for CODM review.

The Group's reportable segments are as follows:

- (i) Trading of electronic components
  - Southern China Region;
  - Northern China Region;
  - Taiwan
- (ii) Trading and designing integrated circuits

**3. SEGMENT INFORMATION – continued**  
**For the six months ended September 30, 2015 (Unaudited)**

	Trading of electronic components				Trading and designing integrated circuits	Elimination	Total
	Southern China Region HK\$'000	Northern China Region HK\$'000	Taiwan HK\$'000	Sub-total HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>							
Sales – external	1,008,460	826,648	39,692	1,874,800	3,422	-	1,878,222
Sales – inter-company	178,623	151,934	1,412	331,969	8,782	(340,751)	-
<b>Net sales</b>	<b>1,187,083</b>	<b>978,582</b>	<b>41,104</b>	<b>2,206,769</b>	<b>12,204</b>	<b>(340,751)</b>	<b>1,878,222</b>
Cost of sales	1,094,333	908,068	35,890	2,038,291	5,469	(340,884)	1,702,876
<b>Gross profit</b>	<b>92,750</b>	<b>70,514</b>	<b>5,214</b>	<b>168,478</b>	<b>6,735</b>	<b>133</b>	<b>175,346</b>
<b>Segment result</b>	<b>22,921</b>	<b>8,062</b>	<b>676</b>	<b>31,659</b>	<b>3,281</b>	<b>133</b>	<b>35,073</b>
Unallocated other revenue							447
Amortisation of financial guarantee liabilities							2,154
Unallocated corporate expenses							(2,988)
Share of loss of associates							(19,202)
Impairment loss recognised in respect of interests in associates							(45,000)
Loss before tax							(29,516)
Income tax expenses							(8,321)
Loss for the period							(37,837)
Non-controlling interests							(1,387)
Loss attributable to owners of the Company							(39,224)

### 3. SEGMENT INFORMATION – continued

For the six months ended September 30, 2014 (Unaudited)

	Trading of electronic components				Trading and designing integrated circuits	Elimination	Total
	Southern China Region HK\$'000	Northern China Region HK\$'000	Taiwan HK\$'000	Sub-total HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>							
Sales – external	1,040,531	685,668	51,262	1,777,461	1,890	–	1,779,351
Sales – inter-company	209,707	123,906	5,217	338,830	12,341	(351,171)	–
<b>Net sales</b>	<u>1,250,238</u>	<u>809,574</u>	<u>56,479</u>	<u>2,116,291</u>	<u>14,231</u>	<u>(351,171)</u>	<u>1,779,351</u>
Cost of sales	1,162,142	755,584	50,868	1,968,594	11,387	(350,761)	1,629,220
<b>Gross profit</b>	<u>88,096</u>	<u>53,990</u>	<u>5,611</u>	<u>147,697</u>	<u>2,844</u>	<u>(410)</u>	<u>150,131</u>
<b>Segment result</b>	<u>14,873</u>	<u>4,515</u>	<u>1,220</u>	<u>20,608</u>	<u>(6,128)</u>	<u>(410)</u>	<u>14,070</u>
Unallocated other revenue							460
Amortisation of financial guarantee liabilities							2,465
Unallocated corporate expenses							(1,132)
Share of profit of associates							355
Profit before tax							16,218
Income tax expenses							(5,134)
Profit for the period							11,084
Non-controlling interests							2,613
Profit attributable to owners of the Company							<u>13,697</u>

Segment (loss) profit represents the profit earned by or loss from each segment without allocation of central administrative expenses, other revenue, amortisation of financial guarantee liabilities, share of (loss) profit of associates and impairment loss recognised in respect of interests in associates. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The CODM is of the opinion that the presentation of assets and liabilities in accordance with the reportable segments is not meaningful as the management can monitor the Group's assets and liabilities in one pool which is more efficient and effective.

#### 4. INCOME TAX EXPENSES

	<b>For the six months ended September 30,</b>	
	<b>2015</b>	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
The income tax charge comprises:		
Current Tax:		
– Hong Kong	7,540	3,649
– PRC Enterprise Income Tax	378	282
– Other jurisdictions	511	558
	<u>8,429</u>	<u>4,489</u>
Underprovision in prior periods		
– PRC Enterprise Income Tax	330	226
– Other jurisdictions	14	47
	<u>344</u>	<u>273</u>
Deferred tax:		
– Current period	(452)	372
	<u>8,321</u>	<u>5,134</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT law, the tax rate of the PRC subsidiaries is 25%. The tax rate of the Taiwan subsidiary is 17%. Income taxes for overseas subsidiaries are calculated at the rates prevailing for the respective jurisdictions.

## 5. (LOSS) PROFIT FOR THE PERIOD

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

	For the six months ended September 30,	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Directors' fees:		
Directors of the Company	501	554
Directors of the subsidiaries	3	5
Directors' remuneration: <i>(Note)</i>		
Directors of the Company	5,217	4,954
Directors of the subsidiaries	113	353
Audit fees paid to auditors		
Auditors of the Company	1,237	1,172
Other auditors	68	50
Non-audit fees paid to auditors		
Auditors of the Company	278	276
Other auditors	–	–
Staff costs (excluding directors' remuneration) <i>(Note)</i>	66,491	69,219
Amortisation of prepaid lease payments	7	6
Cost of inventories recognised as expenses	1,702,876	1,629,220
Depreciation of property, plant and equipment	7,421	6,019
Gain on disposal of property, plant and equipment	(10)	(26)
Net foreign exchange loss	8,838	50
Net gain on fair value changes of derivative financial instruments	(72)	(203)
Allowance for doubtful trade receivables	1,017	9
Interest income from bank deposits	(458)	(401)
Allowance for inventories	1,367	6,664
	<u>          </u>	<u>          </u>

*Note:* During the six months ended September 30, 2015 and 2014, there are cost of defined contribution plans amounting to HK\$8,610,000 and HK\$8,443,000 respectively, included in staff costs and directors' remuneration.

## 6. TRADE AND BILLS RECEIVABLES

	As at September 30, 2015 <i>HK\$'000</i> (Unaudited)	As at March 31, 2015 <i>HK\$'000</i> (Audited)
Trade receivables	646,950	577,017
Less: allowance for doubtful debts	(26,304)	(26,727)
	<hr/>	<hr/>
Net trade receivables	620,646	550,290
Bills receivables	24,522	23,131
	<hr/>	<hr/>
	<b>645,168</b>	<b>573,421</b>
	<hr/> <hr/>	<hr/> <hr/>

Bills receivables represent bank drafts received from customers that are non-interest bearing and due within one year.

The average credit period on sales of goods is 60 days (March 31, 2015: 60 days). The following is an aging analysis of trade receivables net of allowance for doubtful debts, presented based on the invoice date, at the end of the reporting period.

	As at September 30, 2015 <i>HK\$'000</i> (Unaudited)	As at March 31, 2015 <i>HK\$'000</i> (Audited)
Less than 60 days	469,103	391,291
61 to 90 days	111,679	111,096
Over 90 days	39,864	47,903
	<hr/>	<hr/>
	<b>620,646</b>	<b>550,290</b>
	<hr/> <hr/>	<hr/> <hr/>

The aging analysis of bills receivables presented based on the issue date at the respective reporting dates:

	As at September 30, 2015 <i>HK\$'000</i> (Unaudited)	As at March 31, 2015 <i>HK\$'000</i> (Audited)
Less than 60 days	14,270	18,892
61 to 180 days	10,252	4,239
	<hr/>	<hr/>
	<b>24,522</b>	<b>23,131</b>
	<hr/> <hr/>	<hr/> <hr/>



## 7. TRANSFER OF FINANCIAL ASSETS

As at September 30, 2015, trade receivables amounted to approximately HK\$56,436,000 (March 31, 2015: HK\$25,762,000) were transferred to banks by discounting those receivables 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 a secured borrowing amounted to approximately HK\$45,149,000 (March 31, 2015: HK\$20,610,000). These financial assets are carried at amortised cost in the Group's condensed consolidated statement of financial position.

## 8. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$1,249,000 (2014: HK\$5,194,000) on the acquisition of property, plant and equipment. In addition, the Group disposed of certain property, plant and equipment with a carrying amount of approximately HK\$1,000 (2014: HK\$86,000), resulting in a gain of approximately HK\$10,000 (2014: HK\$26,000).

## 9. TRADE AND BILLS PAYABLES

	As at September 30, 2015 <i>HK\$'000</i> (Unaudited)	As at March 31, 2015 <i>HK\$'000</i> (Audited)
Trade payables	291,244	326,650
Bills payables	6,961	20,790
	<u>298,205</u>	<u>347,440</u>

Bills payables of the Group are aged within 30 days (March 31, 2015: 60 days).

The following is an aging analysis of trade payables presented based on the invoice date at the end of the reporting period.

	As at September 30, 2015 <i>HK\$'000</i> (Unaudited)	As at March 31, 2015 <i>HK\$'000</i> (Audited)
Less than 30 days	250,165	298,703
31 to 60 days	40,988	27,871
Over 60 days	91	76
	<u>291,244</u>	<u>326,650</u>

## 10. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
<b>Authorised</b>		
At April 1, 2014, September 30, 2014 and April 1, 2015		
– Ordinary shares of HK\$0.2 each	600,000	120,000
Share consolidation ( <i>Note</i> )	(480,000)	–
	<hr/>	<hr/>
At September 30, 2015		
– Ordinary shares of HK\$1.0 each	120,000	120,000
	<hr/> <hr/>	<hr/> <hr/>
<b>Issued and fully paid</b>		
At April 1, 2014		
– Ordinary shares of HK\$0.2 each	372,720	74,544
Exercise of share options	4,025	805
	<hr/>	<hr/>
At September 30, 2014 and April 1, 2015		
– Ordinary shares of HK\$0.2 each	376,745	75,349
Exercise of share options	785	157
Share consolidation ( <i>Note</i> )	(302,024)	–
	<hr/>	<hr/>
At September 30, 2015		
– Ordinary shares of HK\$1.0 each	75,506	75,506
	<hr/> <hr/>	<hr/> <hr/>

The Company has no treasury shares.

*Note:* Pursuant to the resolution passed in the annual general meeting held on July 30, 2015, share consolidation of every five (5) existing issued and unissued ordinary shares of par value HK\$0.20 each in the capital of the Company (the “Shares”) be consolidated into one (1) consolidated ordinary share of par value HK\$1.00 each in the capital of the Company became effective on August 17, 2015.

## 11. SHARE-BASED PAYMENTS

The Company had adopted the Willas-Array Electronics Employee Share Option Scheme II and the Willas-Array Electronics Employee Share Option Scheme III to grant share options to eligible employees, including the Executive Directors of the Company and its subsidiaries. Details of the share options schemes were disclosed in the Group's annual financial statements for the year ended March 31, 2015.

The table below discloses movement of the Company's share options:

	<b>Number of share options</b>
Unexercised options for ordinary shares at April 1, 2014 (Audited)	18,532,800
Exercised during the period	(4,024,800)
Lapsed during the period	(8,160,000)
	<hr/>
Unexercised options for ordinary shares at September 30, 2014 (Unaudited)	6,348,000
Lapsed during the period	(420,000)
Cancelled during the period	(960,000)
	<hr/>
Unexercised options for ordinary shares at April 1, 2015 (Audited)	4,968,000
Exercised during the period	(785,000)
Consolidated during the period ( <i>Note</i> )	(3,346,400)
	<hr/>
Unexercised options for ordinary shares at September 30, 2015 (Unaudited)	<u>836,600</u>

During the six months ended September 30, 2015, share options holders exercised part of their share options and acquired 785,000 shares of HK\$0.20 each of the Company at an exercise price of S\$0.067 per share on August 4, 2015. The closing price of the Company's shares immediately before the dates on which the options were exercised was S\$0.180.

Fair values of the share options were calculated using The Black-Scholes option pricing model.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest ultimately. The impact of the revision of the estimates, if any, is recognised in profit and loss, with a corresponding adjustment to the share option reserve.

*Note:* Upon the share consolidation became effective on August 17, 2015, the exercise price and the number of underlying Shares comprised in the outstanding options granted under the Employee Share Option Scheme II of the Company have been adjusted.

## 12. DIVIDENDS

During the six months ended September 30, 2015, a one-tier tax exempt final dividend of HK6.347 cents per share was distributed to shareholders in respect of the year ended March 31, 2015 (2014: final dividend of HK6.822 cents per share). The aggregate amount of the final dividend distributed and paid in the current period amounted to approximately HK\$23,962,000 (2014: HK\$25,702,000).

The directors of the Company have determined that no interim dividend will be proposed for the six months ended September 30, 2015.

## 13. (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 six months ended September 30, 2015 (Unaudited)		For the six months ended September 30, 2014 (Unaudited)	
	Basic HK\$'000	Diluted HK\$'000	Basic HK\$'000	Diluted HK\$'000
(Loss) profit attributable to shareholders	(39,224)	(39,224)	13,697	13,697
			(Restated)	(Restated)
	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of ordinary shares	75,397,862	75,397,862	74,980,493	74,980,493
Adjustment for potential dilutive ordinary shares	–	N/A	–	948,675
Weighted average number of ordinary shares used to compute earnings per share	75,397,862	75,397,862	74,980,493	75,929,168
(Loss) earnings per share	<u>(52.02) (HK cents)</u>	<u>(52.02) (HK cents)</u>	<u>18.27 (HK cents)</u>	<u>18.04 (HK cents)</u>

The computation of diluted loss per share for the period ended September 30, 2015 does not assume the conversion of the Company's outstanding share options since their exercise would result in a decrease in loss per share.

Weighted average number of ordinary shares, potential dilutive ordinary shares, basic and diluted (loss) earnings per share were stated after taking into account the effect of the share consolidation that took place on August 17, 2015. Comparative figures have also been restated on the assumption that the share consolidation had been effective in prior period.

#### 14. NET ASSET VALUE

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

	Group Figures		Company Figures	
	As at	As at	As at	As at
	September 30,	March 31,	September 30,	March 31,
	2015	2015	2015	2015
	(Unaudited)	(Audited and	(Unaudited)	(Audited and
		restated)		restated)
Net asset value per ordinary share based on issued share capital of the Company at the end of the year/period	<b>783.29 (HK cents)</b>	878.80 (HK cents)	<b>396.51 (HK cents)</b>	431.69 (HK cents)

The net asset backing per ordinary share as at September 30, 2015 is based on the issued share capital of 75,505,960 ordinary shares (March 31, 2015: 75,348,960 (restated)).

*Note:* The number of ordinary shares in issue and net asset value per ordinary share were stated after taking into account the effect of the share consolidation that took place on August 17, 2015. Comparative figures have also been restated on the assumption that the share consolidation had been effective at prior year end.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Revenue

The Group's sales revenue had increased by 5.6% from HK\$1,779.4 million for the six months ended September 30, 2014 ("1H FY2015") to HK\$1,878.2 million for the six months ended September 30, 2015 ("1H FY2016").

#### Turnover by Market Segment Analysis

(in HK\$'000)

	1H FY2016		1H FY2015		Increase (Decrease)	
		%		%		%
Telecommunications	516,741	27.5%	299,981	16.9%	216,760	72.3%
Industrial	384,181	20.5%	421,521	23.7%	(37,340)	-8.9%
Home Appliance	235,463	12.5%	278,463	15.6%	(43,000)	-15.4%
Dealer	227,121	12.1%	260,235	14.6%	(33,114)	-12.7%
Audio and Video	151,096	8.0%	136,757	7.7%	14,339	10.5%
Automotive	121,127	6.5%	118,817	6.7%	2,310	1.9%
EMS	107,429	5.7%	130,072	7.3%	(22,643)	-17.4%
Lighting	62,641	3.3%	69,254	3.9%	(6,613)	-9.5%
Others	72,423	3.9%	64,251	3.6%	8,172	12.7%
	<u>1,878,222</u>	<u>100.0%</u>	<u>1,779,351</u>	<u>100.0%</u>	<u>98,871</u>	<u>5.6%</u>

In 1H FY2016, we registered a period-on-period increase of 5.6% in revenue to HK\$1,878.2 million. Despite the economic slow down in China, we continued to leverage our competitive advantage of broad local coverage and distinctive engineering capabilities and cooperated with our strategic suppliers to seize all opportunities in the market.

#### Telecommunications

This segment was the largest contributor to total revenue in 1H FY2016 in line with the strong performance of the Smartphone market. Revenue from the segment was HK\$516.7 million, representing a strong growth of 72.3% as compared to same period last year. The segment benefitted from the pick up in China's 4G market since last year and continued the expansion this year. In addition, the demand for China's domestic brands continued to gain momentum and increased in worldwide market share during this period. To grow the business, we will keep improving our value-added service in this segment to provide better supply chain and field application engineer support. In addition we will introduce more new products to deepen our penetration in this segment and further strengthen our position to capture the growth opportunities in the market.

### ***Industrial***

Revenue from this segment was HK\$384.2 million, which was a decline of 8.9% compared with the same period last year. The soft demand in both domestic and export market had a negative impact on performance. In spite of the current unfavorable situation, we do believe that the prospects of this segment remain positive as many governments around the world have adopted long term energy saving policies and mandates. We believe it is therefore worthwhile for us to allocate resources to develop new applications and solutions for our Industrial segment.

### ***Home Appliance***

Revenue from this segment was HK\$235.5 million, a drop of 15.4% as compared to same period last year. After the strong growth in demand for small home appliances in the US market last year, an adjustment in the market caused demand to slow down this year. However, the scale of this segment is sizable and the domestic home appliance/white goods market in China remains stable. We are optimistic about the positive long term prospects of this segment as market players continue to develop products in line with the increasing consumer demand for a better lifestyle and the new trend of “smart” homes. We will continue the investment in this segment.

### ***Dealer***

This segment achieved revenue of HK\$227.1 million in 1H FY2016, a 12.7% decrease as compared to the same period last year. This was due to an inventory glut in the components market. Weak demand for components was further compounded by intense competition and price erosion, which made it difficult for our customers to commit to ordering inventory from us. We will monitor the credit position of our dealer partners and our inventory levels carefully to maintain a competitive position in the market.

### ***Audio and Video***

Although this segment continued to shrink overall, demand for portable audio and bluetooth speakers enjoyed a rebound this year, which led to the recovery in the sales of our 60% owned subsidiary, ValenceTech group. As such, this segment recorded an increase of 10.5% in revenue to HK\$151.1 million compared to the same period last year.

### ***Automotive***

Revenue from this segment was HK\$121.1 million, an increase of 1.9% compared with the same period last year. This was due to weak demand in the first half of this year in both exports of after-market car audio applications and China domestic car sales. Despite the downtrend, we were able to achieve a modest increase in revenue by leveraging our distinctive position in this market with our extensive local network and engineering capabilities. We have strong commitment in this segment and believe in its long term prospects.

### ***EMS***

Revenue from this segment fell 17.4% as compared to same period last year to HK\$107.4 million because of poor market sentiments. Customers had no confidence to place long-term orders, as demand from their end buyers was weak. We will consciously monitor order trends and rolling forecasts to minimize our risk in purchase and the possibility of carrying obsolete stock.

### ***Lighting***

Revenue from this segment declined 9.5% as compared to same period last year to HK\$62.6 million. Although the commercial lighting market was stable, the consumer lighting segment was very challenging. While volume of sales increased, there remained an oversupply situation, intense competition and severe price erosion. To mitigate our risks, we will monitor the credit position of our customers carefully and maintain a healthy inventory level.

### ***Others***

Revenue from this segment increased 12.7% as compared to same period last year to HK\$72.4 million. Although the absolute revenue amount is not significant in each sub-segment, it showed that some of our efforts in developing potential markets, such as renewable energy, toys and security equipment, had paid off.

### **Profit Margin**

In 1H FY2015, there was an imbalance of supply and demand of electronic components because of the weak demand in the market, which unexpectedly turned bearish mainly due to the slowdown in China's growth. This in turn led to downward pressure on prices and a squeeze on our gross profit margin to 8.44% in 1H FY2015. However, the situation had stabilized in the second half of FY2015 and our gross profit margin has improved gradually since then. This led to an increase in gross profit margin to 9.34% in 1H FY2016.

### **Distribution costs**

Distribution costs increased by HK\$1.3 million, or 5.5%, from HK\$22.7 million in 1H FY2015 to HK\$24.0 million in 1H FY2016. The increase in distribution costs was mainly due to more sales incentive expense which was in line with the rise in sales revenue.

### **Administrative expenses**

Administrative expenses decreased by HK\$6.3 million, or 5.8%, from HK\$107.1 million in 1H FY2015 to HK\$100.8 million in 1H FY2016. The decrease was mainly attributable to fewer staff cost incurred following the restructuring of ValenceTech group in 2H FY2015 because of operational downsizing to an optimum level.



### **Other gains and losses**

Other losses of HK\$9.8 million in 1H FY2016 included an exchange loss of HK\$8.8M mainly arising from the depreciation of Chinese renminbi in August 2015 and an allowance for doubtful trade receivables of HK\$1.0 million. Other gains of HK\$0.2 million in 1H FY2015 was mainly due to a gain on fair value changes of derivative financial instruments.

### **Finance costs**

Finance costs increased by HK\$2.1 million, or 25.5%, from HK\$8.1 million in 1H FY2015 to HK\$10.2 million in 1H FY2016. This was mainly attributable to an increase in bank borrowings.

### **Share of loss of associates/Impairment loss on interests in associates**

Share of loss of associates in 1H FY2016 amounted to HK\$19.2 million versus share of the profit of associates of HK\$0.4 million in 1H FY2015. The loss was mainly due to stock provision made for the memory products and doubtful debts provision for the memory products debtors.

In September 2015, Toshiba decided to terminate its authorised distributorship agreement with the Group's associated company, GW Electronics Company Limited ("GW Electronics"), because of the change in business environment. Following the termination, GW Electronics downsized its operation to an optimum level to serve its remaining product lines and customers. As a result thereof, an impairment loss of HK\$45.0 million was made in 1H FY2016 in order to reflect the fair value of the interests in associates.

GW Electronics intends to continue to seek other business opportunities, such as obtaining authorised distributorship rights from other brands of electronic components. However there is no distributorship rights confirmed up to the date of this report.

## **LIQUIDITY AND FINANCIAL RESOURCES**

### **Financial Position**

Compared to the previous year ended March 31, 2015, the increase in trust receipt loans by HK\$122.4 million was due to the increase in purchasing activity during the current financial period. Trade and bills receivables increased by HK\$71.7 million when compared to year ended March 31, 2015 due to increase in sales revenue towards the end of this period. The debtors turnover days maintained at 2.1 months.

As at September 30, 2015, the Group's current ratio (current assets/current liabilities) was 1.24 (March 31, 2015: 1.30)

## **Inventories**

Inventories decreased from HK\$515.3 million as at March 31, 2015 to HK\$514.6 million as at September 30, 2015. The inventory turnover days decrease slightly from 2.0 months to 1.8 months.

## **Cash Flow**

As at September 30, 2015, the Group had a working capital of HK\$303.6 million, which included a cash balance of HK\$398.2 million, compared to a working capital of HK\$324.0 million, which included a cash balance of HK\$306.0 million at March 31, 2015. The increase in cash by HK\$92.2 million was attributable to the net effect of cash inflow of HK\$203.7 million from financing activities and cash outflows of HK\$88.6 million in operating activities and HK\$28.1 million in investing activities.

Cash inflow from financing activities was attributable to an increase in trust receipt loans and bank borrowings due to increase of purchasing activities and increase in cash buffer.

Cash outflow in operating activities was mainly attributable to the net effect of increase in trade receivables and increase in operating cash inflow.

Cash outflow in investing activities was mainly attributable to a further investment in the associated company in July 2015 of HK\$24.5 million.

## **Borrowing and Banking Facilities**

As at September 30, 2015, bank borrowings of HK\$249.0 million (March 31, 2015: HK\$169.0 million) were unsecured and repayable in quarterly or monthly installments ending in FY2018.

Bank borrowings bore interest at a weighted average effective rate of 2.92% for fixed rate borrowing and 2.29% for variable rate borrowings as at September 30, 2015.

As at September 30, 2015 trust receipt loans were unsecured, repayable within one year and bore an effective interest rate of 1.84% to 2.84% per annum. As at September 30, 2015, the Group had unutilised banking facilities of HK\$495.0 million (March 31, 2015: HK\$529.0 million).

The aggregate amount of group's borrowings and debt securities are as follows:

**Amount repayable in one year or less, or on demand**

As at September 30, 2015		As at March 31, 2015	
Secured	Unsecured	Secured	Unsecured
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
45,149	877,873	20,610	675,466

**Amount repayable after one year**

As at September 30, 2015		As at March 31, 2015	
Secured	Unsecured	Secured	Unsecured
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
—	—	—	—

As at September 30, 2015, trade receivables amounted to HK\$56.4 million (March 31, 2015: HK\$25.8 million) were transferred to banks by discounting those 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 a secured borrowing amounted to HK\$45.1 million (March 31, 2015: HK\$20.6 million).

**Foreign Exchange Risk Management**

The Group operates in Hong Kong, PRC and Taiwan. It incurred foreign currency risk mainly on sales and purchases that were denominated in currencies other than our functional currencies. Sales are mainly denominated in United States dollars ("USD"), Chinese renminbi ("RMB"), Hong Kong dollars ("HKD") and Taiwan dollars ("TWD") whereas purchases are mainly denominated in USD, Japanese yen ("JPY"), RMB and HKD. Therefore the exposure in exchange rate risks mainly arises from fluctuations in foreign currencies against the functional currencies. Given the pegged exchange rate between HKD and USD, the exposure of entities that use HKD as their respective functional currency to the fluctuations in the USD is minimal. However, exchange rate fluctuations between RMB and USD, RMB and JPY, HKD and JPY, or TWD 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.

## **Gearing Ratio**

The gearing ratio as at September 30, 2015 was 157.2% (March 31, 2015: 108.3%). The gearing ratio was derived by dividing total debt (representing interest-bearing bank borrowings, trust receipt loans and bills payables) by shareholders' equity at the end of a given period. The increase was mainly due to an increase in trust receipt loans from HK\$506.5 million to HK\$628.9 million and bank borrowings from HK\$189.6 million to HK\$294.1 million to cope with the increase in sales and cash and bank balances.

## **Contingent Liabilities**

The Company had given corporate guarantees (unsecured) to its banks in respect of banking facilities granted to its subsidiaries. As at September 30, 2015, the aggregate banking facilities granted to the subsidiaries were HK\$1,379.9 million (March 31, 2015: HK\$1,225.3 million), of which HK\$888.7 million (March 31, 2015: HK\$699.1 million) was utilised and guaranteed by the Company.

As at September 30, 2015, the Company had also given guarantees to certain suppliers in relation to the subsidiaries' settlement of the respective payables. The aggregate amounts payable to these suppliers under guarantee were HK\$173.8 million (March 31, 2015: HK\$235.9 million).

As at September 30, 2015, the Company had given corporate guarantees (unsecured) of HK\$152.6 million (March 31, 2015: HK\$167.3 million) to its banks in respect of banking facilities granted to its associates, of which HK\$55.1 million (March 31, 2015: HK\$131.4 million) was utilised, by its associates.

## **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)*

Although further deterioration in the macroeconomic environment is not generally expected, the Chinese government has lowered the forecast of its GDP growth rate to 6.5% for the coming five-year plan, down from 7.0% for the current plan. The Group expects this to have a dampening effect on overall consumer sentiment, which will affect the electronics industry. As such, we expect the next 12 months to remain challenging, which means that competition in the industry will intensify further.

The Group will continue to be prudent in managing its operations while remaining its cautious stance in managing costs and maintaining a healthy liquidity position.

## **INTERIM DIVIDEND**

The Board did not declare the payment of an interim dividend for the six months ended September 30, 2015 (2014: HK\$ nil)

## **EMPLOYEES AND REMUNERATION POLICIES**

As at September 30, 2015, the Group had a workforce of 478 full-time employees (March 31, 2015: 480), of which 36.4% worked in Hong Kong, 59.4% in the People's Republic of China (the "PRC") and the remainder in Taiwan.

The Group actively pursues a strategy of recruiting, developing and retaining 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 with their performance; and (iii) providing them with a clear career path with opportunities for taking on additional responsibilities and securing promotions.

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 Company reviews and determines the remuneration and compensation packages of the directors of the Company (the "Directors") and senior management by reference to the salaries paid by comparable companies, the time commitment and responsibilities of the Directors and the performance of the Group.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the six months ended September 30, 2015, the Company did not redeem any of its listed securities nor did the Company or any of its subsidiaries purchase or sell any of such securities.

## **COMPLIANCE WITH HONG KONG CORPORATE GOVERNANCE CODE**

The Board and the Company's management are committed to maintaining high standards of corporate governance. The Board firmly believes that conducting the Group's business in a transparent and responsible manner and following good corporate governance practices serve its long-term interests and those of the shareholders of the Company (the "Shareholders"). The Board considers that during the six months ended September 30, 2015, the Company has complied with the code provisions of the Corporate Governance Code (the "HK CG Code") as contained in Appendix 14 to the Rules Governing the Listing of Securities on the HK Stock Exchange (the "HK Listing Rules") except for the following:

- (i) Code provision A.4.1 of the HK CG Code stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. None of the existing independent non-executive Directors (the "INEDs") is appointed for a specific term. This constitutes a deviation from the above code provision; and
- (ii) All the Directors except the managing director of the Company (the "Managing Director") are subject to retirement by rotation at each annual general meeting (the "AGM") under the Bye-Laws of the Company (the "Bye-Laws"). This constitutes a deviation from code provision A.4.2 of the HK CG Code, which requires that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

In the event of any conflict between the HK Listing Rules and the Bye-Laws, the Company would comply with the more onerous provisions. Therefore, all Directors (including the Managing Director) will be subject to retirement by rotation at each AGM at least once every three years for good corporate governance and in compliance with the HK CG Code. As such, the Board considers that sufficient measures are in place to ensure the Company's corporate governance practices relating to the appointment, retirement and re-election of Directors (including the INEDs).

## **COMPLIANCE WITH HONG KONG MODEL CODE**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "HK Model Code") as set out in Appendix 10 to the HK Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Following a specific enquiry made by the Company with the Directors, all of them have confirmed that they had complied with the required standards as set out in the HK Model Code throughout the six months ended September 30, 2015.

## **REVIEW BY AUDIT COMMITTEE**

The Company has established an audit committee (the “Audit Committee”) with written terms of reference in compliance with the HK CG Code and the Listing Manual of Singapore Exchange Securities Trading Limited (the “SGX-ST”). The Audit Committee comprises all of the three INEDs, namely Jovenal R. Santiago (committee chairman), Wong Kwan Seng, Robert and Iu Po Chan, Eugene. The Group’s unaudited interim results and the Company’s interim report for the six months ended September 30, 2015 have been reviewed by the Audit Committee.

## **AUDIT OR REVIEW OF THE FINANCIAL RESULTS**

The figures for the six months ended September 30, 2015 have been reviewed by Deloitte Touch Tohmatu, Hong Kong, the Company’s independent auditors, whose review report will be included in the interim report to be sent to the Shareholders.

## **PUBLICATION OF INFORMATION ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED, THE COMPANY AND SINGAPORE EXCHANGE SECURITIES TRADING LIMITED**

The results announcement is published on the website of Hong Kong Exchanges and Clearing Limited (the “HKEx”) at [www.hkex.com.hk](http://www.hkex.com.hk), the website of the Company at [www.willas-array.com](http://www.willas-array.com) and the website of the SGX-ST at [www.sgx.com](http://www.sgx.com). The interim report of the Company for the six months ended September 30, 2015 will be dispatched to the Shareholders and published on the respective websites of the HKEx, SGX-ST and the Company in due course.

## **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 prospect statement was previously disclosed in the full year announcement for the financial year ended March 31, 2015.

***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 SGX-ST. If no IPT mandate has been obtained, a statement to that effect***

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

**3. *Negative assurance confirmation on interim financial results under Rule 705(5) of the Listing Manual of 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 interim financial results for the six months ended September 30, 2015 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 SGX-ST***

On behalf of the Board, we confirm that we have procured all the required undertakings to comply with 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*

Hong Kong / Singapore, November 12, 2015

*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.*