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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, 2017**

FINANCIAL HIGHLIGHTS

	For the six months ended September 30,		Change %
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	
Continuing operations			
Revenue	2,354,752	2,069,937	+13.8
Gross profit	196,727	153,765	+27.9
Profit before tax	69,385	20,865	+232.5
Profit (loss) attributable to owners of the Company			
– From continuing operations	60,153	16,413	+266.5
– From discontinued operations	–	(1,841)	NM
	<u>60,153</u>	<u>14,572</u>	+312.8
Basic earnings per share (<i>HK cents</i>)			
– From continuing and discontinued operations	79.21	19.30	+310.4
– From continuing operations	79.21	21.74	+264.4
NM: Not meaningful			

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, 2017, 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, 2017

		For the six months ended September 30,		Change
	NOTES	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	%
Continuing operations				
Revenue	3	2,354,752	2,069,937	+13.8
Cost of sales		(2,158,025)	(1,916,172)	+12.6
Gross profit		196,727	153,765	+27.9
Other operating income		344	2,687	-87.2
Distribution costs		(26,484)	(21,686)	+22.1
Administrative expenses		(100,302)	(97,184)	+3.2
Other gains and losses		13,053	(5,094)	+356.2
Finance costs		(13,953)	(11,623)	+20.0
Profit before tax		69,385	20,865	+232.5
Income tax expenses	4	(9,232)	(4,965)	+85.9
Profit for the period from continuing operations	5	60,153	15,900	+278.3
Discontinued operations				
Loss for the period from discontinued operations	6	—	(1,841)	NM
Profit for the period		60,153	14,059	+327.9

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

For the six months ended September 30, 2017

	For the six months ended September 30,		
	2017	2016	Change
	HK\$'000	HK\$'000	%
	(Unaudited)	(Unaudited)	
Other comprehensive income (expense):			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations	<u>8,409</u>	<u>(5,850)</u>	+243.7
Other comprehensive income (expense) for the period, net of tax	<u>8,409</u>	<u>(5,850)</u>	+243.7
Total comprehensive income for the period	<u><u>68,562</u></u>	<u><u>8,209</u></u>	+735.2
Profit (loss) for the period attributable to owners of the Company:			
– from continuing operations	<u>60,153</u>	16,413	+266.5
– from discontinued operations	<u>–</u>	<u>(1,841)</u>	NM
Profit for the period attributable to owners of the Company	<u>60,153</u>	<u>14,572</u>	+312.8
Loss for the period attributable to non- controlling interests from continuing operations	<u>–</u>	<u>(513)</u>	NM
	<u><u>60,153</u></u>	<u><u>14,059</u></u>	+327.9

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

For the six months ended September 30, 2017

		For the six months ended September 30,		
	<i>NOTE</i>	2017 HK\$'000	2016 HK\$'000	Change %
		(Unaudited)	(Unaudited)	
Total comprehensive income (expense) for the period attributable to:				
Owners of the Company		68,562	8,722	+686.1
Non-controlling interests		<u>–</u>	<u>(513)</u>	NM
		<u>68,562</u>	<u>8,209</u>	+735.2
Earnings per share	14			
From continuing and discontinued operations				
– Basic (<i>HK cents</i>)		<u>79.21</u>	<u>19.30</u>	+310.4
– Diluted (<i>HK cents</i>)		<u>79.00</u>	<u>19.21</u>	+311.2
From continuing operations				
– Basic (<i>HK cents</i>)		<u>79.21</u>	<u>21.74</u>	+264.4
– Diluted (<i>HK cents</i>)		<u>79.00</u>	<u>21.64</u>	+265.1

NM: Not meaningful

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2017

		As at September 30, 2017	As at March 31, 2017
	<i>NOTES</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	7	234,921	232,774
Prepaid lease payments - non-current		563	569
Interests in associates		–	–
Available-for-sale investments		2,001	2,001
Restricted bank deposits		2,353	2,260
Long-term deposits		185	335
Deferred tax assets		163	168
		<hr/>	<hr/>
Total non-current assets		240,186	238,107
Current assets			
Inventories		579,193	591,741
Trade and bills receivables	8	1,047,994	766,000
Other receivables and prepayment - current		9,231	8,338
Prepaid lease payments - current		12	12
Income tax recoverable		–	576
Derivative financial instruments		–	62
Cash and cash equivalents		388,042	331,255
		<hr/>	<hr/>
Total current assets		2,024,472	1,697,984
		<hr/>	<hr/>
Total assets		2,264,658	1,936,091
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

– continued

As at September 30, 2017

		As at September 30, 2017 <i>HK\$'000</i> (Unaudited)	As at March 31, 2017 <i>HK\$'000</i> (Audited)
LIABILITIES AND EQUITY			
Current liabilities			
Trade and bills payables	10	501,120	418,615
Income tax payable		9,677	1,916
Trust receipt loans		769,623	668,554
Bank borrowings		286,584	209,354
Other payables		48,654	36,513
Derivative financial instruments		171	2
Total current liabilities		1,615,829	1,334,954
Net current assets		408,643	363,030
Total assets less current liabilities		648,829	601,137
Capital and reserves			
Share capital	11	76,341	75,506
Reserves		548,776	502,366
Equity attributable to owners of the Company		625,117	577,872
Non-current liabilities			
Deferred tax liabilities		23,590	23,005
Derivative financial instruments		122	260
Total non-current liabilities		23,712	23,265
Total liabilities and equity		2,264,658	1,936,091

CONDENSED STATEMENT OF FINANCIAL POSITION – COMPANY LEVEL

As at September 30, 2017

	<i>NOTE</i>	As at September 30, 2017 <i>HK\$'000</i> (Unaudited)	As at March 31, 2017 <i>HK\$'000</i> (Audited)
ASSETS			
Non-current assets			
Investments in subsidiaries		117,470	117,470
Total non-current assets		117,470	117,470
Current assets			
Other receivables and prepayment – current		211,572	228,646
Cash and cash equivalents		2,711	2,657
Total current assets		214,283	231,303
Total assets		331,753	348,773
LIABILITIES AND EQUITY			
Current liabilities			
Income tax payable		284	17
Other payables		9,499	10,968
Total current liabilities		9,783	10,985
Net current assets		204,500	220,318
Total assets less current liabilities		321,970	337,788
Capital and reserves			
Share capital	11	76,341	75,506
Reserves		245,629	262,282
Equity attributable to owners of the Company		321,970	337,788
Total liabilities and equity		331,753	348,773

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended September 30, 2017

	Issued capital	Capital reserves	Statutory reserve	Revaluation reserve	Currency translation reserve	Other reserve	Accumulated profits	Attributable to owners of the Company	Non- controlling interests	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Note)</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at April 1, 2016 (Audited)	75,506	194,378	16,525	93,271	9,124	-	166,457	555,261	(3,048)	552,213
Total comprehensive income (expense) for the period:										
Profit (loss) for the period	-	-	-	-	-	-	14,572	14,572	(513)	14,059
Other comprehensive expense for the period, net of income tax	-	-	-	-	(5,850)	-	-	(5,850)	-	(5,850)
Total	-	-	-	-	(5,850)	-	14,572	8,722	(513)	8,209
Transactions with owners, recognised directly in equity:										
Acquisition of additional interest in subsidiaries (Note 6)	-	-	-	-	-	(3,561)	-	(3,561)	3,561	-
Total	-	-	-	-	-	(3,561)	-	(3,561)	3,561	-
Balance at September 30, 2016 (Unaudited)	<u>75,506</u>	<u>194,378</u>	<u>16,525</u>	<u>93,271</u>	<u>3,274</u>	<u>(3,561)</u>	<u>181,029</u>	<u>560,422</u>	<u>-</u>	<u>560,422</u>
Balance at April 1, 2017 (Audited)	75,506	194,378	16,525	89,922	(2,218)	(3,561)	207,320	577,872	-	577,872
Total comprehensive income for the period:										
Profit for the period	-	-	-	-	-	-	60,153	60,153	-	60,153
Other comprehensive income for the period, net of income tax	-	-	-	-	8,409	-	-	8,409	-	8,409
Total	-	-	-	-	8,409	-	60,153	68,562	-	68,562
Transactions with owners, recognised directly in equity:										
Exercise of share options	835	740	-	-	-	-	-	1,575	-	1,575
Recognition of equity-settled share-based payments	-	774	-	-	-	-	-	774	-	774
Dividend paid (Note 13)	-	-	-	-	-	-	(23,666)	(23,666)	-	(23,666)
Transfer of statutory reserve	-	-	519	-	-	-	(519)	-	-	-
Total	835	1,514	519	-	-	-	(24,185)	(21,317)	-	(21,317)
Balance at September 30, 2017 (Unaudited)	<u>76,341</u>	<u>195,892</u>	<u>17,044</u>	<u>89,922</u>	<u>6,191</u>	<u>(3,561)</u>	<u>243,288</u>	<u>625,117</u>	<u>-</u>	<u>625,117</u>

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

CONDENSED STATEMENT OF CHANGES IN EQUITY – COMPANY LEVEL

For the six months ended September 30, 2017

	Issued capital	Capital reserves	Accumulated profits	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at April 1, 2016 (Audited)	75,506	194,378	34,530	304,414
Profit for the period, representing total comprehensive income for the period	–	–	5,129	5,129
Balance at September 30, 2016 (Unaudited)	<u>75,506</u>	<u>194,378</u>	<u>39,659</u>	<u>309,543</u>
Balance at April 1, 2017 (Audited)	75,506	194,378	67,904	337,788
Profit for the period, representing total comprehensive income for the period	–	–	5,499	5,499
Transactions with owners, recognised directly in equity:				
Exercise of share options	835	740	–	1,575
Recognition of equity-settled share-based payments	–	774	–	774
Dividend paid (<i>Note 13</i>)	–	–	(23,666)	(23,666)
Total	<u>835</u>	<u>1,514</u>	<u>(23,666)</u>	<u>(21,317)</u>
Balance at September 30, 2017 (Unaudited)	<u>76,341</u>	<u>195,892</u>	<u>49,737</u>	<u>321,970</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended September 30, 2017

	For the six months ended September 30,	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(100,595)	(143,585)
Net cash used in investing activities		
Purchase of property, plant and equipment	(1,295)	(1,389)
Placement of restricted bank deposits	–	(2,256)
Proceeds from disposal of property, plant and equipment	320	62
	(975)	(3,583)
Net cash from financing activities		
Dividend paid to shareholders	(23,666)	–
Proceeds from exercise of share options	1,575	–
Repayment of trust receipt loans	(1,296,191)	(1,111,354)
Proceeds from trust receipt loans	1,397,260	1,174,468
Repayment of bank borrowings	(353,207)	(307,087)
Proceeds from bank borrowings	430,437	301,480
	156,208	57,507
Net increase (decrease) in cash and cash equivalents	54,638	(89,661)
Cash and cash equivalents at beginning of the period	331,255	482,601
Effects of exchange rate changes on the balance of cash held in foreign currencies	2,149	(1,422)
Cash and cash equivalents at end of the period		
– Bank balances and cash	388,042	390,677
– Bank balances and cash classified as held for sale	–	841
	388,042	391,518

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended September 30, 2017

1. BASIS OF PREPARATION

The Company was incorporated in Bermuda on August 3, 2000 as an exempted company with limited liability under the Companies Act 1981 of Bermuda with its registered office at Canon's Court, 22 Victoria Street, Hamilton HM12, 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 ordinary shares of the Company are listed and traded on the Main Board of Singapore Exchange Securities Trading Limited and the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK"). 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 Company's subsidiaries are 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

Application of New and Amendments to International Financial Reporting Standards

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values.

The accounting policies adopted and methods of computation used in the condensed consolidated financial statements for the six months ended September 30, 2017 are consistent with those followed in the preparation of the Group's audited financial statements for the year ended March 31, 2017 and the adoption of these new and revised International Financial Reporting Standards ("IFRSs") does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior periods.

In the current interim period, the Group has applied, for the first time, the following amendments to IFRSs issued by the IASB that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IFRS 12	As part of the Annual Improvements to IFRSs 2014-2016 Cycle

The directors of the Company consider that the application of these amendments has had no material effect on the amounts recognised in the Group's condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

Additional disclosures about changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes on application of amendments to IAS 7 will be provided in the consolidated financial statements for the year ending March 31, 2018.

3. SEGMENT INFORMATION

The Group is engaged in the trading of electronic components. Information reported to 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;
- Taiwan

In additions, the CODM also reviews revenue by customers' market industries.

During the current period, the CODM focuses on gross profits earned by each segment. Other operating income, distribution costs, administrative expenses, other gains and losses and finance costs are excluded from segment results and accordingly the comparative figures have been represented.

The operating segment regarding trading and designing integrated circuits was discontinued during the six months ended September 30, 2016. The segment information reported below does not include any amounts for these discontinued operations, which are described in more detail in Note 6.

The following is an analysis of the Group's revenue and results by reportable and operating segments:

Six months ended September 30, 2017 (Unaudited)

Continuing operations

	Trading of electronic components				Elimination	Continuing
	Southern China Region HK\$'000	Northern China Region HK\$'000	Taiwan HK\$'000	Sub-total HK\$'000		operations Total HK\$'000
Revenue						
Sales – external	1,178,035	1,116,359	60,358	2,354,752	–	2,354,752
Sales – inter-company	294,440	170,057	537	465,034	(465,034)	–
Net sales	1,472,475	1,286,416	60,895	2,819,786	(465,034)	2,354,752
Cost of sales	1,366,792	1,200,716	55,551	2,623,059	(465,034)	2,158,025
Gross profit/segment results	105,683	85,700	5,344	196,727	–	196,727
Other operating income						344
Distribution costs						(26,484)
Administrative expenses						(100,302)
Other gains and losses						13,053
Finance costs						(13,953)
Profit before tax						69,385
Income tax expenses						(9,232)
Profit attributable to owners of the Company						60,153

3. SEGMENT INFORMATION – continued
Six months ended September 30, 2016 (Unaudited and restated)

Continuing operations

	Trading of electronic components				Elimination	Continuing
	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>		Total <i>HK\$'000</i>
Revenue						
Sales – external	1,050,372	984,557	35,008	2,069,937	–	2,069,937
Sales – inter-company	<u>209,067</u>	<u>109,269</u>	<u>610</u>	<u>318,946</u>	<u>(318,946)</u>	<u>–</u>
Net sales	1,259,439	1,093,826	35,618	2,388,883	(318,946)	2,069,937
Cost of sales	<u>1,171,003</u>	<u>1,032,191</u>	<u>32,640</u>	<u>2,235,834</u>	<u>(319,662)</u>	<u>1,916,172</u>
Gross profit/segment results	<u>88,436</u>	<u>61,635</u>	<u>2,978</u>	<u>153,049</u>	<u>716</u>	153,765
Other operating income						2,687
Distribution costs						(21,686)
Administrative expenses						(97,184)
Other gains and losses						(5,094)
Finance costs						<u>(11,623)</u>
Profit before tax						20,865
Income tax expenses						<u>(4,965)</u>
Profit for the period						15,900
Loss for the period attributable to non-controlling interests						<u>513</u>
Profit attributable to owners of the Company						<u>16,413</u>

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

4. INCOME TAX EXPENSES

	For the six months ended September 30,	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Continuing operations		
The income tax charge comprises:		
Current Tax:		
– Hong Kong	7,934	5,241
– PRC Enterprise Income Tax (the “EIT”)	378	378
– Taiwan	802	136
	<u>9,114</u>	<u>5,755</u>
Under (over) provision in prior periods:		
– PRC EIT	3	–
– Taiwan	(1)	5
	<u>2</u>	<u>5</u>
Deferred tax:		
– Current period	116	(795)
	<u>9,232</u>	<u>4,965</u>

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

Under the Law of the PRC on EIT (the “EIT Law”) and the Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. The tax rate of the Taiwan subsidiary is 17%.

5. PROFIT FOR THE PERIOD

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

	For the six months ended September 30,	
	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)
Continuing operations		
Directors' fees	521	515
Directors' remuneration (<i>Note</i>)	6,202	5,229
Audit fees paid to auditors		
Auditor of the Company	1,049	983
Other auditors	121	63
Non-audit fees paid to auditors		
Auditor of the Company	292	286
Staff costs (excluding directors' remuneration) (<i>Note i</i>)	71,628	64,100
Amortisation of prepaid lease payments	6	6
Cost of inventories recognised as expenses (<i>Note ii</i>)	2,158,025	1,916,172
Depreciation of property, plant and equipment	5,357	6,281
Gain on disposal of property, plant and equipment	(120)	(61)
Net foreign exchange (gain) loss	(10,026)	5,277
Net loss (gain) on fair value changes of derivative financial instruments	93	(122)
Share-based payment expense	774	–
Reversal of allowance for doubtful trade receivables	(3,000)	–
Interest income from bank deposits	(304)	(447)
	<u> </u>	<u> </u>

Notes:

- (i) During the six months ended September 30, 2017 and 2016, there were cost of defined contribution plans amounting to approximately HK\$8,515,000 and HK\$7,972,000 respectively, included in staff costs and directors' remuneration.
- (ii) During the six months ended September 30, 2017 and 2016, the amount included allowance for inventories amounting to approximately HK\$8,808,000 and HK\$5,910,000 respectively.

6. DISCONTINUED OPERATIONS

In July 2016, the management of the Group resolved to dispose of its interests in Noblehigh Enterprises Inc. (“NEI”) and its subsidiaries (together defined as “NEI Group”) which operates trading and designing integrated circuits segment. The Group entered into a sale and purchase agreement, pursuant to which Willas-Array Investments Limited, a wholly-owned subsidiary of the Company, agreed to acquire 40% interest in its existing 60%-owned subsidiary, NEI, from a third party, Success Advance Limited, at a nominal cash consideration of HK\$1 on August 9, 2016. Immediately after the completion of the acquisition, NEI became a wholly-owned subsidiary of the Company and the difference between the carrying amount of non-controlling interests and the fair value of consideration paid was recognised directly in “other reserve”. Subsequent to the completion of the acquisition, negotiations with interested parties had taken place. On November 4, 2016, the Group entered into a sale and purchase agreement to dispose of its entire interest in the NEI Group at a cash consideration of HK\$900,000 to a third party (the “Disposal”). The Disposal was completed on November 4, 2016, on which date control of the NEI Group was passed to the acquirer. The reason for the Disposal was that the Group can focus on core segments with more potential to grow.

The results of the discontinued trading and designing integrated circuits operations for the period, which were included in the condensed consolidated statement of profit or loss and other comprehensive income, were as follows:

	For the six months ended September 30, 2016 <i>HK\$'000</i> (Unaudited)
Revenue	411
Cost of sales	(1,201)
Distribution costs	(98)
Administrative expenses	(935)
Other gains and losses	(12)
Finance costs	(5)
	<hr/>
Loss before tax	(1,840)
Income tax expense	(1)
	<hr/>
Loss for the period from discontinued operations	<u><u>(1,841)</u></u>

6. DISCONTINUED OPERATIONS – continued

Loss for the period from discontinued operations includes the following:

	For the six months ended September 30, 2016 <i>HK\$'000</i> (Unaudited)
Directors' fees	3
Directors' remuneration	63
Audit fees paid to auditors	108
Staff costs (excluding directors' remuneration) (<i>Note i</i>)	412
Cost of inventories recognised as expenses (<i>Note ii</i>)	1,201
Depreciation of property, plant and equipment	39
Net foreign exchange loss	12
	<u><u> </u></u>

Notes:

- (i) During the six months ended September 30, 2016, there were cost of defined contribution plans amounting to approximately HK\$48,000 included in staff costs.
- (ii) During the six months ended September 30, 2016, the amount included allowance for inventories amounting to approximately HK\$973,000.

Cash flows from discontinued operations are summarised as follows:

	For the six months ended September 30, 2016 <i>HK\$'000</i> (Unaudited)
Net cash (outflow) inflow from:	
Operating activities	701
Investing activities	(18)
Financing activities	(2,000)
	<u> </u>
Net cash outflow	<u><u>(1,317)</u></u>

7. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$1,295,000 (2016: HK\$1,389,000) 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\$200,000 (2016: HK\$1,000), resulting in a gain of approximately HK\$120,000 (2016: HK\$61,000).

8. TRADE AND BILLS RECEIVABLES

	As at September 30, 2017 <i>HK\$'000</i> (Unaudited)	As at March 31, 2017 <i>HK\$'000</i> (Audited)
Trade receivables	1,005,794	734,890
Less: allowance for doubtful debts	<u>(5,279)</u>	<u>(8,162)</u>
Net trade receivables	1,000,515	726,728
Bills receivables	<u>47,479</u>	<u>39,272</u>
	<u><u>1,047,994</u></u>	<u><u>766,000</u></u>

Bills receivables represent bank drafts received from customers that are non-interest bearing and due within 180 days.

The Group allows an average credit period of 64 days (March 31, 2017: 62 days) to its trade customers. 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, 2017 <i>HK\$'000</i> (Unaudited)	As at March 31, 2017 <i>HK\$'000</i> (Audited)
Within 60 days	673,522	514,883
61 to 90 days	187,646	105,159
Over 90 days	<u>139,347</u>	<u>106,686</u>
	<u><u>1,000,515</u></u>	<u><u>726,728</u></u>

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

	As at September 30, 2017 <i>HK\$'000</i> (Unaudited)	As at March 31, 2017 <i>HK\$'000</i> (Audited)
Within 60 days	30,344	25,537
61 to 180 days	<u>17,135</u>	<u>13,735</u>
	<u><u>47,479</u></u>	<u><u>39,272</u></u>

9. TRANSFERS OF FINANCIAL ASSETS

As at September 30, 2017, trade receivables amounted to approximately HK\$120,909,000 (March 31, 2017: HK\$24,193,000), which 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\$96,584,000 (March 31, 2017: HK\$19,354,000). These financial assets are carried at amortised cost in the Group's condensed consolidated statement of financial position.

10. TRADE AND BILLS PAYABLES

	As at September 30, 2017 <i>HK\$'000</i> (Unaudited)	As at March 31, 2017 <i>HK\$'000</i> (Audited)
Trade payables	491,256	416,896
Bills payables	<u>9,864</u>	<u>1,719</u>
	<u>501,120</u>	<u>418,615</u>

Bills payables of the Group are aged within 30 days (March 31, 2017: 30 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, 2017 <i>HK\$'000</i> (Unaudited)	As at March 31, 2017 <i>HK\$'000</i> (Audited)
Within 30 days	359,197	335,965
31 to 60 days	131,972	80,931
Over 60 days	<u>87</u>	<u>–</u>
	<u>491,256</u>	<u>416,896</u>

11. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Authorised		
At April 1, 2016 (Audited), September 30, 2016 (Unaudited), April 1, 2017 (Audited) and September 30, 2017 (Unaudited)		
– Ordinary shares of HK\$1.00 each	120,000	120,000
	<u>120,000</u>	<u>120,000</u>
Issued and paid up		
At April 1, 2016 (Audited), September 30, 2016 (Unaudited) and April 1, 2017 (Audited)		
– Ordinary shares of HK\$1.00 each	75,506	75,506
Exercise of share options	835	835
	<u>76,341</u>	<u>76,341</u>
At September 30, 2017 (Unaudited)		
– Ordinary shares of HK\$1.00 each	76,341	76,341
	<u>76,341</u>	<u>76,341</u>

The Company has no treasury shares.

12. SHARE-BASED PAYMENTS

The Company had adopted the Willas-Array Electronics Employee Share Option Scheme II (“ESOS II”) and the Willas-Array Electronics Employee Share Option Scheme III (“ESOS III”) to grant share options to eligible employees, including the executive directors of the Company and its subsidiaries.

ESOS II

During the six months ended September 30, 2017, share options holders under ESOS II exercised part of their share options and subscribed for 204,000 shares, 483,000 shares and 148,000 shares of HK\$1.00 each of the Company at an exercise price of Singapore dollars \$0.335 per share on June 19, 2017, June 28, 2017 and July 11, 2017, respectively. The weighted average closing price of the Company’s shares immediately before the dates on which the options were exercised was Singapore dollars \$0.758 per share.

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

12. SHARE-BASED PAYMENTS - continued

ESOS II - continued

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

	Number of share options
Unexercised options for ordinary shares at April 1, 2016 (Audited), September 30, 2016 (Unaudited) and April 1, 2017 (Audited)	836,600
Exercised during the period	<u>(835,000)</u>
Unexercised options for ordinary shares at September 30, 2017 (Unaudited)	<u><u>1,600</u></u>

ESOS III

On July 17, 2017, the Company granted share options exercisable for 3,165,000 ordinary shares of HK\$1.00 each of the Company to certain eligible employees under the ESOS III with an exercise price of HK\$4.30 per share. The period for the exercise of an option will commence after the first anniversary of the date of grant and expiring on the tenth anniversary of such date of grant. The total estimated fair value as at the date of grant was approximately HK\$3,891,000. Fair values of the share options under the ESOS III were calculated using the Binomial option pricing model. The inputs into the model were as follows:

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

During the current interim period, share-based payment expenses of approximately HK\$774,000 (2016: HK\$nil) have been recognised in profit or loss.

13. DIVIDEND

During the six months ended September 30, 2017, a one-tier tax exempt final dividend of HK31.0 cents per share was declared and distributed to the shareholders in respect of the year ended March 31, 2017 (2016: nil). The aggregate amount of the final dividend distributed and paid in the current period amounted to approximately HK\$23,666,000 (2016: HK\$nil).

The Board has resolved not to declare any interim dividend for the six months ended September 30, 2017 (2016: nil).

14. EARNINGS PER SHARE

From continuing and discontinued operations

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

	Group Figures			
	For the six months ended September 30, 2017 (Unaudited)		For the six months ended September 30, 2016 (Unaudited)	
	Basic HK\$'000	Diluted HK\$'000	Basic HK\$'000	Diluted HK\$'000
Profit attributable to owners of the Company	<u>60,153</u>	<u>60,153</u>	<u>14,572</u>	<u>14,572</u>
	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of ordinary shares	<u>75,938,949</u>	<u>75,938,949</u>	<u>75,505,960</u>	<u>75,505,960</u>
Adjustment for potential dilutive ordinary shares	<u>-</u>	<u>207,035</u>	<u>-</u>	<u>351,096</u>
Weighted average number of ordinary shares used to compute earnings per share	<u><u>75,938,949</u></u>	<u><u>76,145,984</u></u>	<u><u>75,505,960</u></u>	<u><u>75,857,056</u></u>
Earnings per share	<u><u>79.21 (HK cents)</u></u>	<u><u>79.00 (HK cents)</u></u>	<u><u>19.30 (HK cents)</u></u>	<u><u>19.21 (HK cents)</u></u>

14. EARNINGS PER SHARE – continued

From continuing operations

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

	Group Figures			
	For the six months ended September 30, 2017		For the six months ended September 30, 2016	
	(Unaudited)		(Unaudited)	
	Basic HK\$'000	Diluted HK\$'000	Basic HK\$'000	Diluted HK\$'000
Profit attributable to owners of the Company	60,153	60,153	14,572	14,572
Less: Loss from discontinued operations	–	–	1,841	1,841
Profit attributable to owners of the Company from continuing operations	<u>60,153</u>	<u>60,153</u>	<u>16,413</u>	<u>16,413</u>
	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of ordinary shares	75,938,949	75,938,949	75,505,960	75,505,960
Adjustment for potential dilutive ordinary shares	–	207,035	–	351,096
Weighted average number of ordinary shares used to compute earnings per share	<u>75,938,949</u>	<u>76,145,984</u>	<u>75,505,960</u>	<u>75,857,056</u>
Earnings per share	<u>79.21 (HK cents)</u>	<u>79.00 (HK cents)</u>	<u>21.74 (HK cents)</u>	<u>21.64 (HK cents)</u>

Diluted earnings per share for the six months ended September 30, 2017 did not assume the exercise of certain share options since the adjusted exercise price is higher than the average share price for the six months ended September 30, 2017.

From discontinued operations

There is no basic earnings (loss) per share or diluted earnings (loss) per share from the discontinued operations for the current period. For the six months ended September 30, 2016, basic and diluted loss per share from the discontinued operations are HK2.44 cents per share, based on the loss for the period from discontinued operations attributable to owners of the Company of approximately HK\$1,841,000 and the denominators detailed above for both basic and diluted loss per share.

15. 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,
	2017	2017	2017	2017
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Net asset value per ordinary share based on issued share capital of the Company at the end of the period/year	<u>818.85 (HK cents)</u>	765.33 (HK cents)	<u>421.75 (HK cents)</u>	<u>447.37 (HK cents)</u>

The net asset backing per ordinary share as at September 30, 2017 was based on the issued share capital of 76,340,960 ordinary shares (March 31, 2017: 75,505,960).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Revenue – Continuing operations

The Group's sales revenue from continuing operations had increased by 13.8% from HK\$2,069.9 million for the six months ended September 30, 2016 ("1H FY2017") to HK\$2,354.8 million for the six months ended September 30, 2017 ("1H FY2018").

The Group's long-term strategy of developing the network and engineering services for Automotive and Industrial applications, enabled it to capture the strong and continuous steady demand in Automotive, premium Home Appliance and various energy saving applications. All these segments achieved robust two-digit growth during the period under review.

Turnover by Market Segment Analysis

(in HK\$'000)

	1H FY2018		1H FY2017		Increase (Decrease)	
		%		%		%
Continuing operations*						
Telecommunications	604,410	25.7%	586,061	28.3%	18,349	3.1%
Industrial	567,429	24.1%	426,648	20.6%	140,781	33.0%
Home Appliance	300,266	12.7%	258,848	12.5%	41,418	16.0%
Dealer	232,770	9.9%	269,925	13.0%	(37,155)	(13.8%)
Automotive	230,301	9.8%	185,143	9.0%	45,158	24.4%
Electronic Manufacturing Services ("EMS")	140,824	6.0%	92,216	4.5%	48,608	52.7%
Audio and Video	140,468	5.9%	130,786	6.3%	9,682	7.4%
Lighting	61,126	2.6%	61,905	3.0%	(779)	(1.3%)
Others	77,158	3.3%	58,405	2.8%	18,753	32.1%
	<u>2,354,752</u>	<u>100.0%</u>	<u>2,069,937</u>	<u>100.0%</u>	<u>284,815</u>	<u>13.8%</u>

* During the year ended March 31, 2017, the Group performed a reclassification of some customers to better reflect the change in the nature of their businesses. This affects mainly the figures in its Dealer, Industrial and EMS segments.

Telecommunications

This segment remained the Group's largest revenue generator in 1H FY2018 contributing sales of HK\$604.4 million. The modest growth of 3.1% as compared to the same period last year reflected the softening demand for smartphones in China following the rapid expansion in 2016.

The Group's strategy in this segment is to partner with its strong suppliers so as to maintain a competitive position to fight for more market share. Despite facing conditions of unstable demand and downward price pressures, the Group will further improve its efficiency in the supply chain and closely monitor its inventories to maintain a healthy situation.

Industrial

This segment achieved revenue of HK\$567.4 million in 1H FY2018, with a strong growth of 33.0% as compared to the same period last year. In addition to the reclassification of customers, the growth in revenue was mainly attributable to the success of the Group's long-term investment in developing the network and engineering resources in this application segment, which enabled it to capture the strong demand in the expansion of energy saving applications. This further strengthens its confidence in positioning itself as a dedicated engineering solution distributor and investing resources in this application segment continuously.

Home Appliance

Revenue from this segment was HK\$300.3 million in 1H FY2018, an increase of 16.0% as compared to the same period last year as the segment continued to enjoy the growth momentum from 2016. With rising demand for higher energy saving standards as well as better and more user-friendly features and functions in premium home appliances, the potential for high quality and advanced functioned electronics components is substantial. The Group is confident of its strategy to provide value-added services and application solutions and will continue to develop more new applications and source new suppliers to take advantage of the growth momentum in this segment.

Dealer

The revenue of this segment was HK\$232.8 million in 1H FY2018, a 13.8% drop as compared to the same period last year. The change was mainly due to the reclassification of customers who had changed the nature of their businesses.

The Group expects the business in this segment to remain challenging as the supply chain becomes more direct and transparent with little room for middlemen. The Group's partners also need to transform to be more specialised in certain applications or provide specific value-added services to survive in the market. The Group will continue to work with major suppliers and dealers to secure market share and provide flexible strategies to respond to changing market conditions.

Automotive

Revenue from this segment increased 24.4% to HK\$230.3 million in 1H FY2018 as compared to the same period last year. Automotive application has been recognized as a very important area for many electronics components manufacturers that all invest a lot of resources to develop new products and new solutions in the areas of higher safety standard and more features to facilitate the migration to autonomous driving. The potential will further magnify in the new generation of cars, which requires more energy saving electronics and the required supporting infrastructure. The Group is confident of its position in the market and will further strengthen its capabilities in networks building and advanced engineering solution services to secure more business.

EMS

This segment registered a 52.7% increase in revenue in 1H FY2018 as compared to the same period last year to HK\$140.8 million. The growth was partially due to the reclassification of customers, and the Group's customers were also able to secure some projects from their end customers in the export market. The Group will continue to provide efficient and effective support and back-up engineering services to its key customers to support them in winning more projects from their end customers.

Audio and Video

Revenue from this segment was HK\$140.5 million in 1H FY2018, an increase of 7.4% as compared to the same period last year as the Group continued its focus on high-end audio and portable audio products. Although the scale of the segment has shrunk, the Group had identified more new requirements and applications that needed better and more feature components. The Group's sales, marketing and engineering teams will keep on looking for new applications and source for new products to broaden its offerings and maintain the business in this segment.

Lighting

Revenue from this segment continued its decline in 1H FY2018, falling 1.3% as compared to the same period last year to HK\$61.1 million. In response to market conditions, the Group has shifted its focus from consumer application to commercial application, which required more technical know-how and better quality components, which leverages its value-added services and professional solutions.

Others

Despite the instability in customer demand, revenue from this segment rose 32.1% in 1H FY2018 as compared to the same period last year to HK\$77.2 million. The increase was mainly attributable to the Group securing a tablet project during the period. The Group continues to believe in the potential of health care, security and renewable energy applications and will continue to keep a close watch on these areas.

Profit Margin – Continuing operations

The Group's gross profit margin increased from 7.4% in 1H FY2017 to 8.4% in 1H FY2018. The improvement of the Group's gross profit margin was due to its emphasis on providing better support services and solutions for its high value-added products in order to secure higher margins.

Distribution Costs – Continuing operations

Distribution costs increased HK\$4.8 million, or 22.1%, from HK\$21.7 million in 1H FY2017 to HK\$26.5 million in 1H FY2018. The increase was mainly due to higher sales incentive expense in line with the increase in sales and gross profit.

Administrative Expenses – Continuing operations

Administrative expenses increased HK\$3.1 million, or 3.2%, from HK\$97.2 million in 1H FY2017 to HK\$100.3 million in 1H FY2018. This was mainly due to an increase in staff cost as a result of a higher average headcount as compared to the same period last year.

Other Gains and Losses – Continuing operations

Other gains of HK\$13.1 million in 1H FY2018 included an exchange gain of HK\$10.0 million, mainly arising from the appreciation of the Chinese renminbi (“RMB”) against the United States dollar (“USD”) and a reversal of allowance for doubtful trade receivables of HK\$3.0 million. Other losses of HK\$5.1 million in 1H FY2017 included an exchange loss of HK\$5.3 million, mainly arising from the depreciation of RMB against USD.

Finance Costs – Continuing operations

Finance costs increased by HK\$2.4 million, or 20.0%, from HK\$11.6 million in 1H FY2017 to HK\$14.0 million in 1H FY2018. This was mainly attributable to an increase in trust receipt loans to cope with the increased purchasing activities for the current period.

LIQUIDITY AND FINANCIAL RESOURCES

Financial Position

As compared to the previous financial year ended March 31, 2017, trust receipt loans increased by HK\$101.1 million. Trade and bills payables increased from HK\$418.6 million as at March 31, 2017 to HK\$501.1 million as at September 30, 2017. Both increases were due to the increase in purchasing activities during the period under review. Trade and bills receivables increased by HK\$282.0 million when compared to those as at March 31, 2017 due to an increase in sales revenue towards the end of the period under review. The debtors turnover days remained at 2.4 months.

As at September 30, 2017, the Group's current ratio (current assets/current liabilities) was 1.25 (March 31, 2017: 1.27).

Inventories

Inventories decreased from HK\$591.7 million as at March 31, 2017 to HK\$579.2 million as at September 30, 2017. The inventory turnover days decreased from 2.0 months to 1.6 months.

Cash Flow

As at September 30, 2017, the Group had a working capital of HK\$408.6 million, which included a cash balance of HK\$388.0 million, compared to a working capital of HK\$363.0 million, which included a cash balance of HK\$331.3 million as at March 31, 2017. The increase in cash by HK\$56.7 million was attributable to the net effect of cash inflow of HK\$156.2 million from financing activities and cash outflows of HK\$100.6 million in operating activities and HK\$1.0 million in investing activities.

Cash inflow from financing activities was attributable to the net effect of increases in trust receipt loans and bank borrowings as a result of increased purchasing activities and the dividend payment to shareholders.

Cash outflow in operating activities was mainly attributable to an increase in trade receivables due to increased sales revenue towards the end of the period under review and a slight increase in average credit period as a result of more sales attributable from customers with a longer credit period.

Borrowings and Banking Facilities

As at September 30, 2017, bank borrowings of HK\$190.0 million (March 31, 2017: HK\$190.0 million) were unsecured and repayable in quarterly or half yearly installments ending in the financial year of 2018.

Unsecured bank borrowings bore interest at a weighted average effective rate of 3.25% per annum for fixed rate borrowings and 2.53% per annum for variable rate borrowings as at September 30, 2017.

As at September 30, 2017, trust receipt loans were unsecured and repayable within one year and bore an effective interest rate of 2.23% to 3.45% per annum. As at September 30, 2017, the Group had unutilised banking facilities of HK\$313.8 million (March 31, 2017: HK\$330.0 million).

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

Amount repayable in one year or less, or on demand

As at September 30, 2017		As at March 31, 2017	
Secured	Unsecured	Secured	Unsecured
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
96,584	959,623	19,354	858,554

Amount repayable after one year

As at September 30, 2017		As at March 31, 2017	
Secured	Unsecured	Secured	Unsecured
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
–	–	–	–

As at September 30, 2017, trade receivables amounted to HK\$120.9 million (March 31, 2017: HK\$24.2 million), which 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\$96.6 million (March 31, 2017: HK\$19.4 million).

Foreign Exchange Risk Management

The Group operates in Hong Kong, the PRC and Taiwan. It incurred foreign currency risk mainly on sales and purchases that were denominated in currencies other than its functional currencies. Sales are mainly denominated in USD, RMB, 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 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.

Net Gearing Ratio

The net gearing ratio as at September 30, 2017 was 108.1% (March 31, 2017: 94.5%). The net gearing ratio was derived by dividing net debts (representing interest-bearing bank borrowings, trust receipt loans and bills payables minus cash and cash equivalents and restricted bank deposits) by shareholders’ equity at the end of a given period. The increase was mainly due to an increase in trust receipt loans from HK\$668.6 million to HK\$769.6 million to finance the increased purchasing activities.

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, 2017, the aggregate banking facilities granted to the subsidiaries were HK\$1,283.3 million (March 31, 2017: HK\$1,190.3 million), of which HK\$972.7 million (March 31, 2017: HK\$863.7 million) was utilised and guaranteed by the Company.

As at September 30, 2017, the Company had also given guarantees to a supplier in relation to the subsidiaries’ settlement of the respective payables. The aggregate amount payable to this supplier under guarantee was HK\$338.1 million (March 31, 2017: HK\$327.1 million).

STRATEGY AND PROSPECTS *(A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months)*

China's economy has bottomed out in the first half year of 2017 and has recorded better-than-expected gross domestic product growth of 6.9% on the back of a strong manufacturing sector and healthy domestic consumption. It is expected to grow at similar momentum in the second half of 2017. The Group will focus on growth industries such as the automotive and home appliances segments, which are expected to have an increasing percentage of electronic content in tandem with the rising trend for automation and smart features.

The Group will continue to be prudent in managing its operations while maintaining its cautious stance in managing costs and sustaining a healthy liquidity position in order to support long-term growth. In view of its performance in 1H FY2018, the Group is cautiously optimistic about its performance in the year ending March 31, 2018.

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended September 30, 2017 (2016: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at September 30, 2017, the Group had a workforce of 458 full-time employees (March 31, 2017: 444), of which 33.6% worked in Hong Kong, 62.7% 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 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 Board reviews and determines the remuneration and compensation packages of the directors of the Company (the “Directors”) and senior management of the Company by reference to the salaries paid by comparable companies, their time commitment and responsibilities and the performance of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended September 30, 2017, 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, 2017, the Company has complied with all the code provisions set out in the Corporate Governance Code (the “HK CG Code”) as contained in Appendix 14 to the Rules Governing the Listing of Securities on the SEHK (the “HK Listing Rules”).

In the event of any conflict among the HK Listing Rules, the Code of Corporate Governance 2012 of Singapore and the bye-laws of the Company, the Company will comply with the more onerous provisions. As such, the Board considers that sufficient measures are in place to ensure the adequateness of the Company’s corporate governance practices relating to 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 (the “HK Model Code”) as set out in Appendix 10 to the HK Listing Rules 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 Directors, all of them confirmed that they had complied with the required standards as set out in the HK Model Code throughout the six months ended September 30, 2017.

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 Main Board rules of 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 draft interim report for the six months ended September 30, 2017 have been reviewed by the Audit Committee.

AUDIT OR REVIEW OF THE FINANCIAL RESULTS

The figures for the six months ended September 30, 2017 have been reviewed by the Company's independent auditors, Deloitte Touche Tohmatsu, Hong Kong, whose review report will be included in the Company's interim report to be sent to the Shareholders.

PUBLICATION OF INFORMATION ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED, THE COMPANY AND THE SGX-ST

This results announcement is published on the website of Hong Kong Exchanges and Clearing Limited (the "HKEx") at www.hkex.com.hk, the website of the Company at www.willas-array.com and the website of the SGX-ST at www.sgx.com. The interim report of the Company for the six months ended September 30, 2017 will be dispatched 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 shall be published on the respective websites of the HKEx, the Company and the SGX-ST 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 results announcement for the financial year ended March 31, 2017.

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 assurance confirmation on interim financial results under 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 interim financial results for the six months ended September 30, 2017 to be false or misleading in any material aspect.

On behalf of the Board,

Leung Chun Wah, Chairman
Kwok Chan Cheung, Deputy Chairman

4. *Undertakings from the Directors and Executive Officers pursuant to Rule 720(1) of the Listing Manual of the SGX-ST*

On behalf of the Board, we confirm that we have procured all the required undertakings to comply with the SGX-ST's listing rules from all the Directors and executive officers of the Company.

By Order of the Board
Willas-Array Electronics (Holdings) Limited
Leung Chun Wah
Chairman and Executive Director

Hong Kong/Singapore, November 10, 2017

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.