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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, 2021**

FINANCIAL HIGHLIGHTS

	For the six months ended September 30,		Change %
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	
Revenue	1,785,868	1,687,189	+5.8
Gross profit	171,049	137,107	+24.8
Profit before tax	55,447	25,136	+120.6
Profit attributable to owners of the Company	43,534	22,393	+94.4
Basic earnings per share (HK cents)	51.09	26.28	+94.4

UNAUDITED FINANCIAL RESULTS

The board of directors of Willas-Array Electronics (Holdings) Limited (the “Company” and the “Board”, respectively) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”, “We” or “Our”) for the six months ended September 30, 2021, 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, 2021

		For the six months ended September 30,		Change
	NOTES	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	%
Revenue	3	1,785,868	1,687,189	+5.8
Cost of sales		(1,614,819)	(1,550,082)	+4.2
Gross profit		171,049	137,107	+24.8
Other income		876	4,641	-81.1
Distribution costs		(15,046)	(13,245)	+13.6
Administrative expenses		(95,021)	(89,094)	+6.7
Other gains and losses		923	1,990	-53.6
Impairment losses reversed (recognised) under expected credit loss (“ECL”) model, net		1,362	(5,509)	NM
Finance costs		(8,696)	(10,754)	-19.1
Profit before tax		55,447	25,136	+120.6
Income tax expense	4	(11,913)	(2,743)	NM
Profit for the period	5	43,534	22,393	+94.4
Other comprehensive income:				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
– Exchange differences on translation of foreign operations		4,308	10,669	-59.6
Other comprehensive income for the period		4,308	10,669	-59.6
Total comprehensive income for the period attributable to owners of the Company		47,842	33,062	+44.7
Earnings per share	13			
– Basic (HK cents)		51.09	26.28	+94.4
– Diluted (HK cents)		50.47	26.28	+92.0

NM – Not Meaningful

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2021

		As at September 30, 2021 <i>HK\$'000</i> (Unaudited)	As at March 31, 2021 <i>HK\$'000</i> (Audited)
	<i>NOTES</i>		
Non-current assets			
Property, plant and equipment	6	268,059	270,142
Right-of-use assets		17,751	18,201
Investment property		9,512	9,512
Club debentures		2,001	2,001
Interest in an associate		–	–
Financial assets measured at fair value through other comprehensive income ("FVTOCI")		–	–
Long-term deposits		4,215	3,891
Deferred tax assets		619	624
Restricted bank deposits		–	2,378
		302,157	306,749
Total non-current assets			
Current assets			
Inventories		213,295	259,783
Trade receivables	7	842,073	844,049
Other receivables, deposits and prepayments		5,866	8,273
Income tax recoverable		4,532	4,574
Derivative financial instruments		98	434
Restricted bank deposits		2,410	–
Cash and cash equivalents		399,405	216,923
		1,467,679	1,334,036
Total current assets			
		1,769,836	1,640,785
Total assets			

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

– continued

As at September 30, 2021

		As at September 30, 2021 <i>HK\$'000</i> (Unaudited)	As at March 31, 2021 <i>HK\$'000</i> (Audited)
	<i>NOTES</i>		
Current liabilities			
Trade payables	9	366,924	349,349
Other payables		42,213	48,275
Contract liabilities		4,206	8,846
Income tax payable		8,076	6,101
Trust receipt loans		439,758	344,493
Bank borrowings		149,229	146,647
Derivative financial instruments		504	539
Lease liabilities		7,195	6,514
		1,018,105	910,764
Total current liabilities			
		449,574	423,272
Net current assets			
		751,731	730,021
Total assets less current liabilities			
Capital and reserves			
Share capital	10	85,207	85,207
Reserves		622,965	601,894
		708,172	687,101
Equity attributable to owners of the Company			
Non-current liabilities			
Deferred tax liabilities		33,028	31,652
Lease liabilities		10,531	11,268
		43,559	42,920
Total non-current liabilities			
		1,769,836	1,640,785
Total liabilities and equity		1,769,836	1,640,785

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended September 30, 2021

	Attributable to owners of the Company								
	Share capital	Capital reserves	Statutory reserve	Property revaluation reserve	Currency translation reserve	Financial assets measured at FVTOCI reserve	Other reserve	Accumulated profits	Total
	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Note i)</i>	<i>HK\$'000</i> <i>(Note ii)</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Note iii)</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At April 1, 2020 (Audited)	85,207	193,458	20,874	122,585	(12,132)	(16,448)	(3,561)	180,725	570,708
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	-	-	22,393	22,393
Other comprehensive income for the period	-	-	-	-	10,669	-	-	-	10,669
Total	-	-	-	-	10,669	-	-	22,393	33,062
Transactions with owners, recognised directly in equity:									
Share options forfeited	-	(129)	-	-	-	-	-	129	-
Total	-	(129)	-	-	-	-	-	129	-
At September 30, 2020 (Unaudited)	<u>85,207</u>	<u>193,329</u>	<u>20,874</u>	<u>122,585</u>	<u>(1,463)</u>	<u>(16,448)</u>	<u>(3,561)</u>	<u>203,247</u>	<u>603,770</u>
At April 1, 2021 (Audited)	85,207	194,255	22,974	117,441	10,852	(16,448)	(3,561)	276,381	687,101
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	-	-	43,534	43,534
Other comprehensive income for the period	-	-	-	-	4,308	-	-	-	4,308
Total	-	-	-	-	4,308	-	-	43,534	47,842
Transactions with owners, recognised directly in equity:									
Recognition of equity-settled share-based payments (Note 11)	-	1,347	-	-	-	-	-	-	1,347
Dividend paid (Note 12)	-	-	-	-	-	-	-	(28,118)	(28,118)
Transfer of statutory reserve	-	-	274	-	-	-	-	(274)	-
Total	-	1,347	274	-	-	-	-	(28,392)	(26,771)
At September 30, 2021 (Unaudited)	<u>85,207</u>	<u>195,602</u>	<u>23,248</u>	<u>117,441</u>	<u>15,160</u>	<u>(16,448)</u>	<u>(3,561)</u>	<u>291,523</u>	<u>708,172</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

– continued

For the six months ended September 30, 2021

Notes:

- (i) Capital reserves comprise share premium, contributed surplus and share options reserve. Contributed surplus represents the difference between the underlying net tangible assets of the subsidiaries which were acquired by the Company at the date of the group reorganisation in 2001 and the nominal amount of the shares issued by the Company under the reorganisation.
- (ii) The statutory reserve is non-distributable and was appropriated from profit after tax of the Company's subsidiaries in the People's Republic of China (the "PRC") and Taiwan under the respective laws and regulations of the PRC and Taiwan.
- (iii) Other reserve comprises a debit amount of HK\$3,561,000 and represents the difference between the fair value of the consideration paid and the carrying amount of the net assets attributable to the additional interest in certain then subsidiaries acquired during the year ended March 31, 2017.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended September 30, 2021

	For the six months ended September 30,	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash generated from operating activities <i>(Note)</i>	69,961	32,974
Net cash (used in) generated from investing activities		
Purchase of property, plant and equipment	(2,714)	(786)
Deposits paid for acquisition of property, plant and equipment	–	(220)
Withdrawal of restricted bank deposits	–	2,231
Proceeds from disposal of property, plant and equipment	75	140
	(2,639)	1,365
Net cash generated from (used in) financing activities		
Dividend paid to shareholders	(28,118)	–
Repayment of trust receipt loans	(1,264,864)	(1,211,538)
Proceeds from trust receipt loans	1,360,220	1,153,518
Repayment of bank borrowings	(366,030)	(398,530)
Proceeds from bank borrowings	417,221	410,871
Repayments of lease liabilities	(4,264)	(6,071)
	114,165	(51,750)
Net increase (decrease) in cash and cash equivalents	181,487	(17,411)
Cash and cash equivalents at beginning of the period	216,923	264,839
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	995	1,749
Cash and cash equivalents at end of the period	399,405	249,177

Note: During the six months ended September 30, 2021, the Company discounted bills received from customers to banks with recourse to finance its operation and as such, the operating cash flow stated above did not include settlement of the related bills of HK\$48,896,000 (2020: HK\$8,352,000) as it represented non-cash derecognition upon maturity.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended September 30, 2021

1. BASIS OF PREPARATION

The Company was incorporated in Bermuda on August 3, 2000 as an exempted company with limited liability under the Companies Act 1981 of Bermuda with its registered office at Victoria Place, 5/F, 31 Victoria Street, Hamilton HM10, Bermuda. Its principal place of business is located at 24/F, Wyler Centre, Phase 2, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong. The issued ordinary shares of the Company are listed and traded on the Main Board of Singapore Exchange Securities Trading Limited (the “SGX-ST”) and the Main Board of The Stock Exchange of Hong Kong Limited (the “SEHK”). The condensed consolidated financial statements of the Group are presented in Hong Kong dollars which is also the functional currency of the Company. All values are rounded to the nearest thousand except otherwise indicated.

The principal activity of the Company is investment holding and the Company’s subsidiaries are principally engaged in the trading of electronic components.

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “*Interim Financial Reporting*” issued by the International Accounting Standards Board (“IASB”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the SEHK (the “HK Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from the application of amendments to International Financial Reporting Standards (“IFRS Standards”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended September 30, 2021 are the same as those presented in the Group’s annual financial statements for the year ended March 31, 2021.

2. **PRINCIPAL ACCOUNTING POLICIES** – continued

Application of amendments to IFRS Standards

In the current interim period, the Group has applied the following amendments to IFRS Standards issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period on April 1, 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phrase 2

The application of the amendments to IFRS Standards in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. **SEGMENT INFORMATION**

The Group is engaged in the trading of electronic components. Information reported to the executive directors of the Company, being the Group's chief operating decision maker (the "CODM") for the purposes of resource allocation and assessment of performance is based on geographical locations as follows:

- Southern China Region;
- Northern China Region; and
- Taiwan

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

The CODM focuses on reportable segment profit which is gross profit earned by each segment. Other income, distribution costs, administrative expenses, other gains and losses, impairment losses reversed (recognised) under ECL model, net and finance costs are excluded from segment results.

No operating segments have been aggregated in arriving at the reportable segments of the Group.

3. SEGMENT INFORMATION – continued

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

Six months ended September 31, 2021 (Unaudited)

	Trading of electronic components					Total HK\$'000
	Southern China Region	Northern China Region	Taiwan	Sub-total	Elimination	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Revenue						
Sales – external	878,058	868,992	38,818	1,785,868	–	1,785,868
Sales – inter-company	504,364	200,376	3	704,743	(704,743)	–
	1,382,422	1,069,368	38,821	2,490,611	(704,743)	1,785,868
Cost of sales	(1,294,978)	(990,324)	(34,260)	(2,319,562)	704,743	(1,614,819)
Gross profit/segment results	87,444	79,044	4,561	171,049	–	171,049
Other income						876
Distribution costs						(15,046)
Administrative expenses						(95,021)
Other gains and losses						923
Impairment losses reversed under ECL model, net						1,362
Finance costs						(8,696)
Profit before tax						55,447
Income tax expense						(11,913)
Profit attributable to owners of the Company						<u>43,534</u>

3. SEGMENT INFORMATION – continued

Six months ended September 30, 2020 (Unaudited)

	Trading of electronic components				Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
	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>		
Revenue						
Sales – external	893,103	754,065	40,021	1,687,189	–	1,687,189
Sales – inter-company	242,945	216,642	20	459,607	(459,607)	–
	1,136,048	970,707	40,041	2,146,796	(459,607)	1,687,189
Cost of sales	(1,065,458)	(908,382)	(35,849)	(2,009,689)	459,607	(1,550,082)
Gross profit/segment results	70,590	62,325	4,192	137,107	–	137,107
Other income						4,641
Distribution costs						(13,245)
Administrative expenses						(89,094)
Other gains and losses						1,990
Impairment losses recognised under ECL model, net						(5,509)
Finance costs						(10,754)
Profit before tax						25,136
Income tax expense						(2,743)
Profit attributable to owners of the Company						<u>22,393</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 EXPENSE

	For the six months ended September 30,	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
The income tax charge comprises:		
Current tax:		
– Hong Kong	3,370	141
– PRC Enterprise Income Tax (“EIT”)	7,024	1,855
– Taiwan	401	487
	<u>10,795</u>	<u>2,483</u>
(Over) under provision in respect of prior period:		
– PRC EIT	21	(21)
– Taiwan	(88)	(5)
	<u>(67)</u>	<u>(26)</u>
Deferred tax:		
– Current period	1,185	286
	<u>11,913</u>	<u>2,743</u>

Under the two-tiered profits tax rates regime, the Company was subject to Hong Kong Profits Tax at the rate of 8.25% for the first HK\$2,000,000 of assessable profits, and the remaining profits at 16.5%. Subsidiaries of the Company incorporated in Hong Kong were subject to Hong Kong Profits Tax at the rate of 16.5% for the six months ended September 31, 2021 and 2020.

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 20%.

5. PROFIT FOR THE PERIOD

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

	For the six months ended September 30,	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Cost of inventories recognised as expenses (<i>Note i</i>)	1,614,819	1,550,082
Depreciation of property, plant and equipment	7,031	6,901
Depreciation of right-of-use assets	4,409	6,052
Directors' emoluments (<i>Note ii</i>)	5,415	5,043
Gain on disposal of property, plant and equipment	(6)	(140)
Audit fees paid to auditors		
Auditor of the Company	1,071	1,075
Other auditors	84	77
Non-audit fees paid to auditor		
Auditor of the Company	402	399
Staff costs (excluding directors' emoluments) (<i>Note ii</i>)	59,012	54,931
Net foreign exchange gain	(1,218)	(4,512)
Net loss on fair value changes of derivative financial instruments	301	2,662
Share-based payment expense	1,347	–
Interest income from bank deposits	(243)	(314)
Interest expense on borrowings	8,439	10,567
(Reversal of) impairment losses under ECL model recognised on trade receivables	(1,513)	5,509
Government grant	–	(3,861)
	<u> </u>	<u> </u>

Notes:

- (i) During the six months ended September 30, 2021, the amount did not include any reversal of allowance for inventories (2020: HK\$8,933,000).
- (ii) During the six months ended September 30, 2021, cost of defined contribution plans amounting to HK\$7,665,000 (2020: HK\$3,600,000), was included in staff costs and directors' emoluments.

6. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment of HK\$2,714,000 (2020: HK\$786,000). In addition, the Group disposed of certain property, plant and equipment with a carrying amount of HK\$69,000 (2020: nil), resulting in a gain of HK\$6,000 (2020: HK\$140,000).

7. TRADE RECEIVABLES

	As at September 30, 2021 <i>HK\$'000</i> (Unaudited)	As at March 31, 2021 <i>HK\$'000</i> (Audited)
Trade receivables	887,001	890,362
Less: allowance for credit losses	<u>(44,928)</u>	<u>(46,313)</u>
	<u>842,073</u>	<u>844,049</u>

The Group allows a credit period of 30 to 120 days (March 31, 2021: 30 to 120 days) to its trade customers.

The following is an aging analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date, which is the same as revenue recognition date, at the end of the reporting periods:

	As at September 30, 2021 <i>HK\$'000</i> (Unaudited)	As at March 31, 2021 <i>HK\$'000</i> (Audited)
Within 60 days	568,211	516,550
61 to 90 days	158,960	171,679
Over 90 days	<u>114,902</u>	<u>155,820</u>
	<u>842,073</u>	<u>844,049</u>

8. TRANSFER OF FINANCIAL ASSETS

As at September 30, 2021, the Group's trade receivables amounting to HK\$53,389,000 (March 31, 2021: HK\$46,846,000) were transferred to banks by discounting those trade receivables and bills received on a full recourse basis. As the Group had not transferred the significant risks and rewards relating to these receivables, it had continued to recognise the full carrying amount of the receivables and had recognised the cash received on the transfer as secured borrowings amounting to HK\$48,191,000 (March 31, 2021: HK\$41,647,000).

9. TRADE PAYABLES

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

	As at September 30, 2021 <i>HK\$'000</i> (Unaudited)	As at March 31, 2021 <i>HK\$'000</i> (Audited)
Within 30 days	257,156	236,751
31 to 60 days	<u>109,768</u>	<u>112,598</u>
	<u><u>366,924</u></u>	<u><u>349,349</u></u>

10. SHARE CAPITAL

	Number of shares '000	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$1.00 each		
Authorised		
At April 1, 2020 (Audited), September 30, 2020 (Unaudited), April 1, 2021 (Audited) and September 30, 2021 (Unaudited)	<u>120,000</u>	<u>120,000</u>
Issued and paid up		
At April 1, 2020 (Audited), September 30, 2020 (Unaudited), April 1, 2021 (Audited) and September 30, 2021 (Unaudited)	<u>85,207</u>	<u>85,207</u>

The Company has no treasury shares.

11. SHARE-BASED PAYMENTS

The Company had on July 30, 2013 adopted the Willas-Array Electronics Employee Share Option Scheme III (“ESOS III”) to grant share options to eligible employees, including the executive directors of the Company and its subsidiaries.

On December 2, 2020, the Company granted share options exercisable for 3,835,000 ordinary shares of HK\$1.00 each of the Company to certain eligible employees under ESOS III with an exercise price of HK\$2.61 per share. The period for the exercise of the share options will commence after the first anniversary of the date of grant and expire on the tenth anniversary of such date of grant. The total estimated fair value as at the date of grant was approximately HK\$2,817,000.

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

	Number of share options
Unexercised share options for ordinary shares at April 1, 2020 (Audited)	907,500
Forfeited during the period	<u>(115,500)</u>
Unexercised share options for ordinary shares at September 30, 2020 (Unaudited)	792,000
Granted during the period	3,835,000
Forfeited during the period	<u>(50,000)</u>
Unexercised share options for ordinary shares at April 1, 2021 (Audited)	4,577,000
Forfeited during the period	<u>(70,000)</u>
Unexercised share options for ordinary shares at September 30, 2021 (Unaudited)	<u><u>4,507,000</u></u>

11. SHARE-BASED PAYMENTS – continued

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

	ESOS III December 2, 2020	ESOS III July 17, 2017
Grant date		
Share price at valuation date	HK\$2.25	HK\$4.07
Exercise price	HK\$2.61	HK\$4.30
Expected volatility	35.49%	48.41%
Risk-free rate	0.59%	1.49%
Expected dividend yield	0.00%	7.62%
Expected life	10 years	10 years
Exercisable period	9 years	9 years
Vesting period	1 year	1 year
Fair value per share option	HK\$0.73	HK\$1.23

During the six months ended September 30, 2021, share-based payment expense of HK\$1,347,000 (2020: nil) had been recognised in profit or loss.

12. DIVIDEND

During the six months ended September 30, 2021, a one-tier tax exempt final dividend of HK33.0 cents per share was declared and paid to the shareholders of the Company (the “Shareholders”) in respect of the year ended March 31, 2021 (2020: nil). The aggregate amount of the final dividend paid in current interim period amounted to HK\$28,118,000 (2020: nil).

The Board has resolved not to declare any interim dividend for the six months ended September 30, 2021 (2020: nil).

13. EARNINGS PER SHARE

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, 2021 (Unaudited)		For the six months ended September 30, 2020 (Unaudited)	
	Basic	Diluted	Basic	Diluted
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit attributable to owners of the Company	<u>43,534</u>	<u>43,534</u>	<u>22,393</u>	<u>22,393</u>
	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of ordinary shares	<u>85,207,049</u>	<u>85,207,049</u>	<u>85,207,049</u>	<u>85,207,049</u>
Adjustment for dilutive potential ordinary shares	<u>–</u>	<u>1,055,329</u>	<u>–</u>	<u>N/A</u>
Weighted average number of ordinary shares used to compute earnings per share	<u>85,207,049</u>	<u>86,262,378</u>	<u>85,207,049</u>	<u>85,207,049</u>
Earnings per share (HK cents)	<u>51.09</u>	<u>50.47</u>	<u>26.28</u>	<u>26.28</u>

The computation of diluted earnings per share for the six months ended September 30, 2020 did not assume the exercise of share options granted by the Company since the exercise price of those share options was higher than the average market price of the shares for the period.

14. NET ASSET VALUE

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

	Group Figures		Company Figures	
	As at September 30, 2021 (Unaudited)	As at March 31, 2021 (Audited)	As at September 30, 2021 (Unaudited)	As at March 31, 2021 (Audited)
Net asset value per ordinary share based on the number of issued shares of the Company at the end of the period/year (HK cents)	<u>831.12</u>	<u>806.39</u>	<u>441.94</u>	<u>472.31</u>

The net asset backing per ordinary share as at September 30, 2021 was based on a total of 85,207,049 (March 31, 2021: 85,207,049) issued ordinary shares.

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

As at September 30, 2021

	As at September 30, 2021 <i>HK\$'000</i> (Unaudited)	As at March 31, 2021 <i>HK\$'000</i> (Audited)
Non-current assets		
Amount due from a subsidiary	33,814	33,814
Interests in subsidiaries	<u>157,024</u>	<u>157,024</u>
Total non-current assets	<u>190,838</u>	<u>190,838</u>
Current assets		
Amounts due from subsidiaries	183,713	213,604
Deposits and prepayments	371	17
Cash and cash equivalents	<u>3,988</u>	<u>976</u>
Total current assets	<u>188,072</u>	<u>214,597</u>
Total assets	<u><u>378,910</u></u>	<u><u>405,435</u></u>
Current liabilities		
Other payables	1,194	947
Income tax payable	165	63
Financial guarantee liabilities	<u>991</u>	<u>1,981</u>
Total current liabilities	<u>2,350</u>	<u>2,991</u>
Net current assets	<u>185,722</u>	<u>211,606</u>
Total assets less current liabilities	<u>376,560</u>	<u>402,444</u>
Capital and reserves		
Share capital	85,207	85,207
Reserves	<u>291,353</u>	<u>317,237</u>
Equity attributable to owners of the Company	<u>376,560</u>	<u>402,444</u>
Total liabilities and equity	<u><u>378,910</u></u>	<u><u>405,435</u></u>

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

For the six months ended September 30, 2021

	Share capital	Capital reserves	Accumulated profits	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At April 1, 2020 (Audited)	85,207	193,458	84,747	363,412
Profit for the period, representing total comprehensive income for the period	–	–	5,047	5,047
Transactions with owners, recognised directly in equity: Share options cancelled	–	(129)	129	–
Total	–	(129)	129	–
At September 30, 2020 (Unaudited)	<u>85,207</u>	<u>193,329</u>	<u>89,923</u>	<u>368,459</u>
At April 1, 2021 (Audited)	85,207	194,255	122,982	402,444
Profit for the period, representing total comprehensive income for the period	–	–	887	887
Transactions with owners, recognised directly in equity: Recognition of equity-settled share-based payments (<i>Note 11</i>)	–	1,347	–	1,347
Dividend paid (<i>Note 12</i>)	–	–	(28,118)	(28,118)
Total	–	1,347	(28,118)	(26,771)
At September 30, 2021 (Unaudited)	<u>85,207</u>	<u>195,602</u>	<u>95,751</u>	<u>376,560</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group recorded a profit attributable to owners of the Company of HK\$43.5 million for the six months ended September 30, 2021 (“1H FY2022”) compared to HK\$22.4 million for the six months ended September 30, 2020 (“1H FY2021”). The increase was mainly due to higher gross profit which was mainly attributable to an improvement in gross profit margin compared to 1H FY2021 resulting from the persistent imbalance between the supply and demand of electronics components, whereas the overall expenses were similar to that of 1H FY2021.

Revenue

The Group achieved a 5.8% year-on-year (“YOY”) increase in revenue from HK\$1,687.2 million in 1H FY2021 to HK\$1,785.9 million in 1H FY2022. The revenue growth was driven by several factors, including the strong demand for electronic components brought on by new trends that emerged during the ongoing pandemic; the easing of monetary policy of various governments; and the effectiveness of the Chinese government’s economic and business support policies to spur domestic consumption and economic recovery; but partially impeded by the global shortage of semiconductors, which has led to delays in production in many manufacturing industries.

During the period under review, the Group was able to achieve a double-digit growth for its focus segments, namely Industrial, Home Appliance and Automotive, because of long-standing relationships and close cooperation with its suppliers, which had enabled the Group to meet the needs of its customers.

Revenue by Market Segment Analysis

	1H FY2022		1H FY2021		Increase/(Decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Industrial	553,720	31.0%	489,882	29.0%	63,838	13.0%
Home Appliance	352,477	19.7%	317,456	18.8%	35,021	11.0%
Automotive	350,817	19.7%	293,724	17.4%	57,093	19.4%
Audio and Video	120,165	6.7%	112,433	6.7%	7,732	6.9%
Dealer	118,906	6.7%	123,852	7.3%	(4,946)	-4.0%
Telecommunications	101,777	5.7%	111,639	6.6%	(9,862)	-8.8%
Electronic Manufacturing						
Services (“EMS”)	77,538	4.3%	127,893	7.6%	(50,355)	-39.4%
Lighting	60,940	3.4%	65,106	3.9%	(4,166)	-6.4%
Others	49,528	2.8%	45,204	2.7%	4,324	9.6%
	<u>1,785,868</u>	<u>100.0%</u>	<u>1,687,189</u>	<u>100.0%</u>	<u>98,679</u>	<u>5.8%</u>

Industrial

The Industrial segment is the largest revenue generator of the Group. It achieved revenue of HK\$553.7 million in 1H FY2022, representing an increase of 13.0% as compared to the same period last year. The demand was very strong across many applications in this segment; e.g. power saving, motors, e-meters and display modules. Globally, as most countries move towards living with the coronavirus disease 2019 (the “COVID-19”) as an endemic disease, many governments are also shifting their focus back on environment protection, sustainability and achieving carbon neutrality. In line with this, many new applications that have emerged are related to energy saving and renewable energy systems. With our strong foundation and comprehensive customer base, our sales and engineering teams are well-positioned to capture growth opportunities in this segment.

Home Appliance

Home Appliance, our second largest revenue generating segment, recorded a revenue of HK\$352.5 million in 1H FY2022, representing an increase of 11.0% as compared to 1H FY2021. This segment continued to benefit from the Chinese government’s economic and business support policies, which aim to stimulate domestic consumption by encouraging consumers to replace and upgrade their home appliances to energy saving ones. At the same time, export demand was also very strong due to China’s rapid control of the COVID-19 situation as compared to other neighbouring countries in Asia where the pandemic continued to disrupt production and logistics.

Automotive

The Group’s investment of resources into this segment has continued to pay off. Revenue from the Automotive segment increased by 19.4% to HK\$350.8 million in 1H FY2022 as compared to 1H FY2021. The segment continued to perform strongly because of the Chinese government’s strong support for the development of new energy vehicles as part of its strategy to achieve carbon neutrality. Despite the current global shortage of semiconductors, the Group has been able to meet the production requirements of its key customers in China with the support of its key suppliers.

Audio and Video

Revenue from the Audio and Video segment was HK\$120.2 million in 1H FY2022, representing an increase of 6.9% as compared to the same period in the last financial year. This segment continued to benefit from the trend of remote working arrangements that had emerged from the COVID-19 pandemic. During the period under review, demand for home entertainment, gaming and upgrades to audio and video products and devices for conference meetings remained strong.

Dealer

The revenue from this segment was HK\$118.9 million in 1H FY2022, representing a drop of 4.0% as compared to the same period last year. Although demand from this segment was strong, revenue performance was affected by the prioritisation and allocation of semiconductors to key growth industries. However, to maintain its relationships with dealer partners, the Group has endeavoured to fulfill their minimum requirements.

Telecommunications

Revenue from the Telecommunications segment fell 8.8% YOY to HK\$101.8 million. As the growth prospects of this segment is expected to remain muted, the Group will monitor the segment closely but intends to redeploy its resources to other growth segments.

EMS

This segment recorded a significant YOY decline in revenue of 39.4% to HK\$77.5 million in 1H FY2022. It was badly affected by the imbalance in the supply of components to medium and small sized manufacturers. The Group had assisted its customers in this segment to buffer their orders and manage the supply chain to tide over this period.

Lighting

Revenue from this segment remained stable in 1H FY2022 with a slight decline of 6.4% YOY to HK\$60.9 million. It benefited from both the stay-at-home market and the resumption of economic activities.

Others

The revenue from this segment increased by 9.6% YOY to HK\$49.5 million in 1H FY2022. This was due to the recovery in consumer spending in 1H FY2022 as compared to the lockdown situation in 1H FY2021.

Gross Profit Margin

The Group's gross profit margin increased from 8.1% in 1H FY2021 to 9.6% in 1H FY2022 mainly due to the persistent imbalance between the supply and demand of electronics components arising out of the global shortage of supply of electronic components.

Other Income

Other income decreased by HK\$3.7 million, or 81.1%, from HK\$4.6 million in 1H FY2021 to HK\$0.9 million in 1H FY2022 mainly due to the non-recurring subsidy of HK\$3.6 million from the Hong Kong government's Employment Support Scheme, which was recognised in 1H FY2021. No such income was received in 1H FY2022.

Distribution Costs

Distribution costs increased by HK\$1.8 million, or 13.6%, from HK\$13.2 million in 1H FY2021 to HK\$15.0 million in 1H FY2022. The increase mainly reflected our increased travelling and entertainment activities for the period under review. As a result of the outbreak of the COVID-19 pandemic at the beginning of 2020, we have suspended most of the travelling and entertainment activities in 1H FY2021.

Administrative Expenses

Administrative expenses increased by HK\$5.9 million, or 6.7%, from HK\$89.1 million in 1H FY2021 to HK\$95.0 million in 1H FY2022. This was mainly due to the reduction and exemption of corporate social insurance premiums granted by the Chinese government during 1H FY2021 which covered the period from February 1, 2020 to December 31, 2020.

Other Gains and Losses

Other gains of HK\$0.9 million in 1H FY2022 (1H FY2021: HK\$2.0 million) were due to exchange gain mainly arising from the appreciation of Renminbi (“RMB”).

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

Reversal of impairment losses of HK\$1.4 million in 1H FY2022 (1H FY2021: Impairment losses of HK\$5.5 million) mainly represented the reversal of impairment losses on trade receivables.

Finance Costs

The finance costs which represented interest expenses on trust receipt loans and bank borrowings and interest on lease liabilities decreased by HK\$2.1 million, or 19.1%, from HK\$10.8 million in 1H FY2021 to HK\$8.7 million in 1H FY2022. The decrease was mainly due to a reduction in average trust receipt loans and bank borrowings as well as a decrease in weighted average effective interest rate as compared to the same period last year.

LIQUIDITY AND FINANCIAL RESOURCES

Financial Position

As compared to as at March 31, 2021, trust receipt loans increased by HK\$95.3 million as at September 30, 2021 mainly due to the increased purchases towards the end of the current interim period when compared with the purchases towards March 31, 2021. Trade payables increased from HK\$349.3 million as at March 31, 2021 to HK\$366.9 million as at September 30, 2021. Trade receivables of HK\$842.1 million as at September 30, 2021 remained at a similar level as at March 31, 2021. The debtors turnover days was 2.9 months as at September 30, 2021 (March 31, 2021: 2.9 months).

As at September 30, 2021, the Group's current ratio (current assets divided by current liabilities) was 1.44 (March 31, 2021: 1.46).

Inventories

Inventories decreased from HK\$259.8 million as at March 31, 2021 to HK\$213.3 million as at September 30, 2021. The inventory turnover days decreased from 1.0 month as at March 31, 2021 to 0.8 month as at September 30, 2021.

Cash Flow

As at September 30, 2021, the Group had a working capital of HK\$449.6 million which included a cash balance of HK\$399.4 million, compared to a working capital of HK\$423.3 million which included a cash balance of HK\$216.9 million as at March 31, 2021. The increase in cash by HK\$182.5 million was primarily attributable to cash inflow of HK\$70.0 million generated from operating activities and cash inflow of HK\$114.2 million generated from financing activities. The Group's cash balance was mainly denominated in US dollars ("USD"), RMB and Hong Kong dollars ("HKD").

Cash inflow generated from operating activities was primarily due to the increase in operating cash flows before movement in working capital.

Cash inflow generated from financing activities was mainly attributable to the increases in trust receipt loans and bank borrowings to finance the increased purchases towards September 30, 2021 when compared with the purchases towards March 31, 2021.

Borrowings and Banking Facilities

As at September 30, 2021, the Group had bank borrowings of HK\$149.2 million which were repayable within one year. Among the Group's bank borrowings, 71.3% was denominated in HKD, 16.9% was denominated in USD and 11.8% was denominated in RMB. As at September 30, 2021, the fixed-rate bank borrowings and the variable-rate bank borrowings accounted for 90.5% and 9.5%, respectively. The fixed-rate bank borrowings bore interest at a weighted average effective rate of 2.74% per annum while variable-rate bank borrowings bore interest at a weighted average effective rate of 1.36% per annum.

As at September 30, 2021, trust receipt loans of HK\$439.8 million were unsecured and repayable within one year and bore interest rates ranging from 1.52% to 3.20% per annum. The trust receipt loans were denominated in USD. As at September 30, 2021, the Group had unutilised banking facilities of HK\$925.2 million (March 31, 2021: HK\$1,018.3 million).

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

Amount repayable in one year or less, or on demand

As at September 30, 2021		As at March 31, 2021	
Secured	Unsecured	Secured	Unsecured
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
48,191	540,796	41,647	449,493

Amount repayable after one year

As at September 30, 2021		As at March 31, 2021	
Secured	Unsecured	Secured	Unsecured
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
–	–	–	–

As at September 30, 2021, the Group's trade receivables amounting to HK\$53.4 million (March 31, 2021: HK\$46.8 million) were transferred to banks by discounting those trade receivables and bills received on a full recourse basis. As the Group had not transferred the significant risks and rewards relating to these receivables, it had continued to recognise the full carrying amount of the receivables and had recognised the cash received on the transfer as secured borrowings amounting to HK\$48.2 million (March 31, 2021: HK\$41.6 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 and HKD 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 currencies to the fluctuations in USD is minimal. However, exchange rate fluctuations between RMB and USD, RMB and JPY, HKD and JPY, or Taiwan dollars and USD could affect the Group's performance and asset value. The Group has a foreign currency hedging policy to monitor and maintain its foreign exchange exposure at an acceptable level.

Net Gearing Ratio

The net gearing ratio as at September 30, 2021 was 26.7% (March 31, 2021: 39.6%). 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 and multiplied by 100%. The decrease was mainly due to the increases in cash balance and shareholders' equity.

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)*

After a double-digit YOY growth of 18.3% in the first quarter (January to March) of 2021, China's economy grew at a slower pace of 7.9% YOY in the second quarter (April to June) of 2021 and slowed further in the third quarter (July to September) of 2021 with a growth of 4.9% YOY¹. This was amidst several headwinds, including power shortages, supply chain bottlenecks and sporadic COVID-19 outbreaks.

Furthermore, the ongoing tense relations between the United States and China may continue to present challenges to trade between the two nations. Nevertheless, China has ample tools to cope with these economic challenges despite slowing growth. With the Chinese government's economic and business support policies, the Group expects China's economy to be resilient with great potential for growth.

In unprecedented times like now, the Group will continue to be prudent in managing its resources and expenses. This will ensure that our operations remain sustainable to tide over the uncertain business environment and sustaining a healthy liquidity position in order to support the long-term growth.

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

No important events affecting the Group have occurred after the end of the interim period.

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended September 30, 2021 (1H FY2021: nil) as the Group intends to retain cash for its business operations.

1 The Overall National Economy Maintained the Recovery Momentum in the First Three Quarters, National Bureau of Statistics of China (October 18, 2021).

EMPLOYEES AND REMUNERATION POLICIES

As at September 30, 2021, the Group had a workforce of 359 (March 31, 2021: 361) full-time employees, of which 32.9% worked in Hong Kong, 63.7% 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 or bonus with their performance; and (iii) providing them with a clear career path with opportunities for taking on additional responsibilities and securing promotions. Besides, the Company has adopted an employee share option scheme to reward the directors of the Company (the "Directors") and the eligible employees for their contribution to the Group.

While the Group's employees in Hong Kong and Taiwan are required to participate in the mandatory provident fund scheme and a defined contribution pension scheme respectively, the Group makes contributions to various government-sponsored employee-benefit funds, including social insurance fund, housing fund, basic pension insurance fund and unemployment, maternity and work-related insurance funds for its employees in the PRC in accordance with the applicable PRC laws and regulations.

Further, the remuneration committee of the Board reviews and recommends to the Board the remuneration and compensation packages of the Directors and senior management of the Group by reference to the salaries paid by comparable companies, their time commitment, responsibilities and performance as well as the financial results of the Group.

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

During the six months ended September 30, 2021, the Company did not redeem any of its securities listed on the Main Board of the SEHK and the SGX-ST nor did the Company or any of its subsidiaries purchase or sell any of such securities.

COMPLIANCE WITH CORPORATE GOVERNANCE CODES

The Board and the Company's management are committed to maintaining high standards of corporate governance. The Board firmly believes that conducting the Group's business in a transparent and responsible manner and following good corporate governance practices serve its long-term interests and those of the Shareholders. The Board considers that during the six months ended September 30, 2021, the Company had complied with all the code provisions set out in the Corporate Governance Code as contained in Appendix 14 to the HK Listing Rules (the "HK CG Code") and the Code of Corporate Governance 2018 of Singapore (the "Singapore CG Code") except those stated in paragraph 3 of this section.

In the event of any conflict among the HK CG Code, the Singapore CG Code and the bye-laws of the Company, the Company will comply with the 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, amongst others, the appointment, retirement and re-election of Directors (including independent non-executive Directors (the "INEDs")).

Provision 2.2 of the Singapore CG Code stipulates that independent directors make up a majority of the board where the chairman is not independent. The Company notes that the current Board composition is a variation from Provision 2.2 of the Singapore CG Code as the Board comprises seven members, one of whom is a non-executive Director (who is also the chairman of the Board), three of whom are executive Directors and three of whom are INEDs. The Board has plans for board renewal and orderly succession, will continually review its composition to take into account the recommendation in Provision 2.2 of the Singapore CG Code, and intends to adopt the necessary measures in due course. Such measures may include having some of the existing Directors (apart from INEDs) stepping down at the appropriate juncture, and/or appointing new independent Directors, if suitable candidates are identified.

COMPLIANCE WITH HONG KONG MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the HK Listing Rules (the "HK Model Code") as its own code of conduct for dealing in the securities of the Company by the Directors. Following a specific enquiry made by the Company with each of the current Directors, all of them confirmed that they had complied with the required standards as set out in the HK Model Code throughout the six months ended September 30, 2021.

REVIEW BY AUDIT COMMITTEE

The Board has established an audit committee (the "Audit Committee") with written terms of reference in compliance with the HK CG Code and the Main Board rules of the listing manual of the SGX-ST. The Audit Committee currently comprises all of the three INEDs, namely Lim Lee Meng (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, 2021 have been reviewed by the Audit Committee.

AUDIT OR REVIEW OF THE FINANCIAL RESULTS

The condensed consolidated financial statements of the Group and the condensed statement of financial position and condensed statement of changes in equity of the Company as at and for the six months ended September 30, 2021 have been reviewed by the Company's independent auditor, Deloitte Touche Tohmatsu, Hong Kong, whose review report will be included in the Company's interim report for the six months ended September 30, 2021 (the "Interim Report") to be sent to the Shareholders.

PUBLICATION OF INFORMATION ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED (THE “HKEX”), THE COMPANY AND THE SGX-ST

This results announcement is published on the website of the HKEX at www.hkexnews.hk, the website of the Company at www.willas-array.com and the website of the SGX-ST at www.sgx.com. The Interim Report will be despatched to Hong Kong Shareholders whose names appear on the register of members of the Company’s Hong Kong branch share registrar and transfer office. Singapore Shareholders may submit their requests to the Company for a printed copy of the Interim Report. The Interim Report will be published on the respective websites of the HKEX, the Company and the SGX-ST in due course in the manner as required by the HK Listing Rules and the Main Board rules of the listing manual of the SGX-ST.

SUPPLEMENTARY INFORMATION

1. *Where a forecast, or a prospect statement, has been previously disclosed to Shareholders, any variance between it and the actual results*

Not applicable. No forecast or prospect statement was previously disclosed to the Shareholders.

2. *If the Group has obtained a general mandate from Shareholders for interest person transactions (the “IPTs”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii) of the Listing Manual of the SGX-ST. If no IPT mandate has been obtained, a statement to that effect*

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

3. *Negative confirmation on financial results pursuant to Rule 705(5) of the Listing Manual of the SGX-ST*

On behalf of the Board, we confirm that to the best of our knowledge, nothing has come to the attention of the Board, which may render the Group’s unaudited financial results for the six months ended September 30, 2021 to be false or misleading in any material aspect.

On behalf of the Board,

Leung Chun Wah, Chairman
Hon Kar Chun, Managing Director

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

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

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

Hong Kong/Singapore, November 12, 2021

As at the date of this announcement, the Board comprises one Non-executive Director, Leung Chun Wah (Chairman); three Executive Directors, namely Hon Kar Chun (Managing Director), Leung Hon Shing and Leung Chi Hang Daniel; and three Independent Non-executive Directors, namely Wong Kwan Seng, Robert, Iu Po Chan, Eugene and Lim Lee Meng.

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