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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 ANNUAL RESULTS
FOR THE YEAR ENDED MARCH 31, 2023

FINANCIAL HIGHLIGHTS

| | For the year ended | | Change |
|--|---------------------------|-----------------|---------------|
| | March 31, | | |
| | 2023 | 2022 | % |
| | HK\$'000 | HK\$'000 | |
| Revenue | 3,135,433 | 3,425,832 | -8.5 |
| Gross profit | 278,677 | 334,790 | -16.8 |
| Profit before tax | 4,343 | 108,074 | -96.0 |
| Profit attributable to owners of the Company | 2,716 | 82,192 | -96.7 |
| Basic earnings per share (HK cents) | 3.11 | 96.33 | -96.8 |

AUDITED FINANCIAL RESULTS

The board of directors of Willas-Array Electronics (Holdings) Limited (the “Company” and the “Board”, respectively) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the “Group”, “We” or “Our”) for the year ended March 31, 2023, together with the comparative figures for the year ended March 31, 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended March 31, 2023

| | | 2023 | 2022 | Change |
|--|--------------|---------------------------|--------------------|---------------|
| | <i>NOTES</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>%</i> |
| Revenue | 3 | 3,135,433 | 3,425,832 | -8.5 |
| Cost of sales | | <u>(2,856,756)</u> | <u>(3,091,042)</u> | -7.6 |
| Gross profit | | 278,677 | 334,790 | -16.8 |
| Other income | | 10,534 | 2,803 | NM |
| Distribution costs | | (28,896) | (28,871) | +0.1 |
| Administrative expenses | | (183,183) | (189,070) | -3.1 |
| Other gains and losses | | (30,915) | 808 | NM |
| Impairment losses reversed under expected credit loss (“ECL”) model, net | | 881 | 4,461 | -80.3 |
| Gain on fair value change of investment property | | 995 | 439 | +126.7 |
| Finance costs | | <u>(43,750)</u> | <u>(17,286)</u> | +153.1 |
| Profit before tax | | 4,343 | 108,074 | -96.0 |
| Income tax expense | 4 | <u>(1,641)</u> | <u>(25,882)</u> | -93.7 |
| Profit for the year | 5 | <u>2,702</u> | <u>82,192</u> | -96.7 |

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

For the year ended March 31, 2023

| | NOTE | 2023 HK\$'000 | 2022 HK\$'000 | Change % |
|--|------|------------------|------------------|-------------|
| Other comprehensive income (expense) | | | | |
| <i>Items that will not be reclassified to profit or loss:</i> | | | | |
| – Gain on revaluation of owned properties | | 3,879 | 18,647 | –79.2 |
| – Income tax relating to gain recognised in other comprehensive income | | (509) | (3,292) | –84.5 |
| | | <u>3,370</u> | <u>15,355</u> | –78.1 |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | | |
| – Exchange differences arising from translation of foreign operations | | (26,952) | 10,746 | NM |
| Other comprehensive (expense) income for the year | | <u>(23,582)</u> | <u>26,101</u> | NM |
| Total comprehensive (expense) income for the year | | <u>(20,880)</u> | <u>108,293</u> | NM |
| Profit (loss) attributable to: | | | | |
| Owners of the Company | | 2,716 | 82,192 | –96.7 |
| Non-controlling interests | | (14) | – | NM |
| | | <u>2,702</u> | <u>82,192</u> | –96.7 |
| Total comprehensive (expense) income attributable to: | | | | |
| Owners of the Company | | (20,867) | 108,293 | NM |
| Non-controlling interests | | (13) | – | NM |
| | | <u>(20,880)</u> | <u>108,293</u> | NM |
| Earnings per share | 13 | | | |
| – Basic (HK cents) | | <u>3.11</u> | <u>96.33</u> | –96.8 |
| – Diluted (HK cents) | | <u>3.10</u> | <u>95.02</u> | –96.7 |

NM – Not Meaningful

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2023

| | <i>NOTES</i> | 2023 <i>HK\$'000</i> | 2022 <i>HK\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| Non-current assets | | | |
| Property, plant and equipment | 6 | 265,418 | 284,293 |
| Right-of-use assets | | 11,859 | 16,093 |
| Investment property | | 10,946 | 9,951 |
| Club debentures | | 2,001 | 2,001 |
| Interest in an associate | | – | – |
| Financial assets measured at fair value through other comprehensive income ("FVTOCI") | | – | – |
| Long-term deposits | | 4,044 | 4,459 |
| Deferred tax assets | | 505 | 503 |
| | | <hr/> | <hr/> |
| Total non-current assets | | 294,773 | 317,300 |
| Current assets | | | |
| Inventories | | 586,266 | 360,393 |
| Trade receivables | 7 | 806,043 | 862,816 |
| Other receivables, deposits and prepayments | | 6,425 | 6,706 |
| Income tax recoverable | | 6,304 | 4,567 |
| Derivative financial instruments | | 748 | – |
| Restricted bank deposits | | – | 2,457 |
| Cash and cash equivalents | | 317,230 | 327,673 |
| | | <hr/> | <hr/> |
| Total current assets | | 1,723,016 | 1,564,612 |
| | | <hr/> | <hr/> |
| Total assets | | 2,017,789 | 1,881,912 |
| | | <hr/> <hr/> | <hr/> <hr/> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – continued

As at March 31, 2023

| | <i>NOTES</i> | 2023 <i>HK\$'000</i> | 2022 <i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| Current liabilities | | | |
| Trade payables | 9 | 385,665 | 389,528 |
| Other payables | | 36,638 | 41,456 |
| Contract liabilities | | 2,971 | 9,632 |
| Income tax payable | | 903 | 5,204 |
| Trust receipt loans | | 658,108 | 486,359 |
| Bank borrowings | | 200,469 | 124,434 |
| Derivative financial instruments | | 66 | 579 |
| Lease liabilities | | 8,110 | 7,988 |
| | | <hr/> | <hr/> |
| Total current liabilities | | 1,292,930 | 1,065,180 |
| | | <hr/> | <hr/> |
| Net current assets | | 430,086 | 499,432 |
| | | <hr/> | <hr/> |
| Total assets less current liabilities | | 724,859 | 816,732 |
| | | <hr/> | <hr/> |
| Capital, reserves and non-controlling interests | | | |
| Share capital | 10 | 87,622 | 85,777 |
| Reserves | | 602,928 | 684,789 |
| | | <hr/> | <hr/> |
| Equity attributable to owners of the Company | | 690,550 | 770,566 |
| Non-controlling interests | | 66 | – |
| | | <hr/> | <hr/> |
| Total equity | | 690,616 | 770,566 |
| | | <hr/> | <hr/> |
| Non-current liabilities | | | |
| Deferred tax liabilities | | 30,153 | 38,154 |
| Lease liabilities | | 4,090 | 8,012 |
| | | <hr/> | <hr/> |
| Total non-current liabilities | | 34,243 | 46,166 |
| | | <hr/> | <hr/> |
| Total liabilities and equity | | 2,017,789 | 1,881,912 |
| | | <hr/> <hr/> | <hr/> <hr/> |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2023

| | Attributable to owners of the Company | | | | | | | | | | |
|--|---------------------------------------|---------------------|----------------------|------------------------------------|------------------------------------|---|------------------|------------------------|-----------------|----------------------------------|-----------------|
| | Share capital | Capital reserves | Statutory reserve | Property revaluation reserve | Currency translation reserve | Financial assets measured at FVTOCI reserve | Other reserve | Accumulated profits | Subtotal | Non- controlling interests | Total |
| | | | | | | | | | | | |
| At April 1, 2021 | 85,207 | 194,255 | 22,974 | 117,441 | 10,852 | (16,448) | (3,561) | 276,381 | 687,101 | - | 687,101 |
| Total comprehensive income for the year: | | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | - | 82,192 | 82,192 | - | 82,192 |
| Other comprehensive income for the year | - | - | - | 15,355 | 10,746 | - | - | - | 26,101 | - | 26,101 |
| Total | - | - | - | 15,355 | 10,746 | - | - | 82,192 | 108,293 | - | 108,293 |
| Transactions with owners, recognised directly in equity: | | | | | | | | | | | |
| Exercise of share options | 570 | 918 | - | - | - | - | - | - | 1,488 | - | 1,488 |
| Recognition of equity-settled share-based payments (Note 11) | - | 1,802 | - | - | - | - | - | - | 1,802 | - | 1,802 |
| Dividend paid (Note 12) | - | - | - | - | - | - | - | (28,118) | (28,118) | - | (28,118) |
| Transfer from property revaluation reserve | - | - | - | (5,144) | - | - | - | 5,144 | - | - | - |
| Transfer of statutory reserve | - | - | 5,108 | - | - | - | - | (5,108) | - | - | - |
| Total | 570 | 2,720 | 5,108 | (5,144) | - | - | - | (28,082) | (24,828) | - | (24,828) |
| At March 31, 2022 | 85,777 | 196,975 | 28,082 | 127,652 | 21,598 | (16,448) | (3,561) | 330,491 | 770,566 | - | 770,566 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – continued

For the year ended March 31, 2023

| | Attributable to owners of the Company | | | | | | | | | | |
|--|---------------------------------------|---------------------|----------------------|------------------------------------|------------------------------------|---|-------------------|------------------------|-----------------|----------------------------------|-----------------|
| | Share capital | Capital reserves | Statutory reserve | Property revaluation reserve | Currency translation reserve | Financial assets measured at FVTOCI reserve | Other reserve | Accumulated profits | Subtotal | Non- controlling interests | Total |
| | | | | | | | | | | | |
| | <i>(Note i)</i> | <i>(Note ii)</i> | | | | | <i>(Note iii)</i> | | | | |
| At April 1, 2022 | 85,777 | 196,975 | 28,082 | 127,652 | 21,598 | (16,448) | (3,561) | 330,491 | 770,566 | – | 770,566 |
| Total comprehensive (expense) income for the year: | | | | | | | | | | | |
| Profit (loss) for the year | – | – | – | – | – | – | – | 2,716 | 2,716 | (14) | 2,702 |
| Other comprehensive (expense) income for the year | – | – | – | 3,370 | (26,953) | – | – | – | (23,583) | 1 | (23,582) |
| Total | – | – | – | 3,370 | (26,953) | – | – | 2,716 | (20,867) | (13) | (20,880) |
| Transactions with owners, recognised directly in equity: | | | | | | | | | | | |
| Capital contribution from non-controlling interests of a subsidiary | – | – | – | – | – | – | – | – | – | 79 | 79 |
| Exercise of share options | 1,845 | 2,970 | – | – | – | – | – | – | 4,815 | – | 4,815 |
| Share options forfeited | – | (165) | – | – | – | – | – | 165 | – | – | – |
| Dividend paid <i>(Note 12)</i> | – | – | – | – | – | – | – | (63,964) | (63,964) | – | (63,964) |
| Transfer from property revaluation reserve | – | – | – | (5,932) | – | – | – | 5,932 | – | – | – |
| Transfer of statutory reserve | – | – | 689 | – | – | – | – | (689) | – | – | – |
| Total | 1,845 | 2,805 | 689 | (5,932) | – | – | – | (58,556) | (59,149) | 79 | (59,070) |
| At March 31, 2023 | 87,622 | 199,780 | 28,771 | 125,090 | (5,355) | (16,448) | (3,561) | 274,651 | 690,550 | 66 | 690,616 |

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.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2023

| | 2023 | 2022 |
|---|------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Operating activities | | |
| Profit before tax | 4,343 | 108,074 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 14,975 | 14,127 |
| Depreciation of right-of-use assets | 7,944 | 8,401 |
| Interest expense on bank borrowings and trust receipt loans | 43,332 | 16,726 |
| Interest expense on lease liabilities | 418 | 560 |
| Share-based payment expense | – | 1,802 |
| Reversal of allowance for inventories | (1,000) | – |
| Impairment losses reversed under ECL model, net | (881) | (4,461) |
| Gain on disposal of property, plant and equipment | (206) | (6) |
| Gain on fair value change of investment property | (995) | (439) |
| Net (gain) loss on fair value changes of derivative financial instruments | (1,261) | 473 |
| Loss on lease modification | 37 | – |
| Unrealised exchange loss (gain) | 16,258 | (3,170) |
| Interest income | (3,475) | (487) |
| | <hr/> | <hr/> |
| Operating cash flows before movements in working capital | 79,489 | 141,600 |
| | | |
| Increase in inventories | (227,414) | (99,471) |
| (Decrease) increase in trade receivables (<i>Note</i>) | 26,354 | (66,705) |
| Decrease in other receivables, deposits and prepayments | 165 | 1,455 |
| Decrease (increase) in long-term deposits | 201 | (484) |
| Increase in trade payables | 1,665 | 35,039 |
| Decrease in other payables | (7,153) | (8,197) |
| (Decrease) increase in contract liabilities | (6,368) | 648 |
| | <hr/> | <hr/> |
| Cash (used in) generated from operations | (133,061) | 3,885 |
| | | |
| Income tax paid | (14,806) | (24,038) |
| Interest paid | (39,738) | (15,974) |
| Interest received | 3,475 | 487 |
| | <hr/> | <hr/> |
| Net cash used in operating activities | (184,130) | (35,640) |

CONSOLIDATED STATEMENT OF CASH FLOWS – continued

For the year ended March 31, 2023

| | 2023 <i>HK\$'000</i> | 2022 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Investing activities | | |
| Purchase of property, plant and equipment | (4,905) | (4,036) |
| Withdrawal of restricted bank deposits | 2,299 | – |
| Proceeds from disposal of property, plant and equipment | 293 | 75 |
| | <u> </u> | <u> </u> |
| Net cash used in investing activities | (2,313) | (3,961) |
| Financing activities | | |
| Capital contribution from non-controlling interests of a subsidiary | 79 | – |
| Dividend paid to shareholders | (63,964) | (28,118) |
| Proceeds from exercise of share options | 4,815 | 1,488 |
| Repayments of trust receipt loans | (2,538,255) | (2,614,040) |
| Proceeds from trust receipt loans | 2,709,448 | 2,754,626 |
| Repayments of bank borrowings | (745,811) | (603,282) |
| Proceeds from bank borrowings | 823,244 | 647,383 |
| Repayments of lease liabilities | (8,004) | (8,615) |
| | <u> </u> | <u> </u> |
| Net cash generated from financing activities | 181,552 | 149,442 |
| | <u> </u> | <u> </u> |
| Net (decrease) increase in cash and cash equivalents | (4,891) | 109,841 |
| Cash and cash equivalents at beginning of the year | 327,673 | 216,923 |
| Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies | (5,552) | 909 |
| | <u> </u> | <u> </u> |
| Cash and cash equivalents at end of the year | <u>317,230</u> | <u>327,673</u> |

Note: During the year ended March 31, 2023, 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 the related bills settlements of nil (2022: HK\$66,946,000) as it represented non-cash derecognition upon maturity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2023

1. GENERAL INFORMATION

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 consolidated financial statements of the Group are presented in Hong Kong dollars which is also the functional currency of the Company. All values are rounded to the nearest thousand except otherwise indicated.

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

2. PRINCIPAL ACCOUNTING POLICIES

The 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”) issued by the International Accounting Standards Board (the “IASB”), the accounting policies and methods of computation used in the consolidated financial statements for the year ended March 31, 2023 are the same as those presented in the Group’s annual financial statements for the year ended March 31, 2022.

Application of amendments to IFRS Standards

In the current year, 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 beginning on April 1, 2022 for the preparation of the Group’s consolidated financial statements:

| | |
|---|---|
| Amendments to IFRS 3 | Reference to the Conceptual Framework |
| Amendments to International Accounting Standards (“IAS”) 16 | Property, Plant and Equipment – Proceeds before Intended Use |
| Amendments to IAS 37 | Onerous Contracts - Cost of Fulfilling a Contract |
| Amendments to IFRSs | Annual Improvements to IFRSs 2018 – 2020 |

The application of the amendments to IFRS Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these 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 under ECL model, net, gain on fair value change of investment property and finance costs are excluded from segment results.

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

3. SEGMENT INFORMATION – continued

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

Year ended March 31, 2023

| | Trading of electronic components | | | | | Total HK\$'000 |
|---|---|---|--------------------|-----------------------|-------------------------|-------------------|
| | Southern China Region HK\$'000 | Northern China Region HK\$'000 | Taiwan HK\$'000 | Sub-total HK\$'000 | Elimination HK\$'000 | |
| Revenue | | | | | | |
| Sales – external | 1,359,355 | 1,669,133 | 106,945 | 3,135,433 | – | 3,135,433 |
| Sales – inter-company | 1,444,769 | 610,380 | 1,649 | 2,056,798 | (2,056,798) | – |
| | 2,804,124 | 2,279,513 | 108,594 | 5,192,231 | (2,056,798) | 3,135,433 |
| Cost of sales | (2,677,095) | (2,139,672) | (96,787) | (4,913,554) | 2,056,798 | (2,856,756) |
| Gross profit/segment results | <u>127,029</u> | <u>139,841</u> | <u>11,807</u> | <u>278,677</u> | <u>–</u> | <u>278,677</u> |
| Other income | | | | | | 10,534 |
| Distribution costs | | | | | | (28,896) |
| Administrative expenses | | | | | | (183,183) |
| Other gains and losses | | | | | | (30,915) |
| Impairment losses reversed under ECL model, net | | | | | | 881 |
| Gain on fair value change of investment property | | | | | | 995 |
| Finance costs | | | | | | (43,750) |
| Profit before tax | | | | | | 4,343 |
| Income tax expense | | | | | | (1,641) |
| Profit for the year | | | | | | 2,702 |
| Loss attributable to non-controlling interests | | | | | | 14 |
| Profit attributable to owners of the Company | | | | | | <u>2,716</u> |

3. SEGMENT INFORMATION – continued

Year ended March 31, 2022

| | Trading of electronic components | | | | | Total HK\$'000 |
|---|---|---|--------------------|-----------------------|-------------------------|-------------------|
| | Southern China Region HK\$'000 | Northern China Region HK\$'000 | Taiwan HK\$'000 | Sub-total HK\$'000 | Elimination HK\$'000 | |
| Revenue | | | | | | |
| Sales – external | 1,692,024 | 1,648,152 | 85,656 | 3,425,832 | – | 3,425,832 |
| Sales – inter-company | 1,065,612 | 451,162 | 208 | 1,516,982 | (1,516,982) | – |
| | 2,757,636 | 2,099,314 | 85,864 | 4,942,814 | (1,516,982) | 3,425,832 |
| Cost of sales | (2,584,214) | (1,947,684) | (76,126) | (4,608,024) | 1,516,982 | (3,091,042) |
| Gross profit/segment results | <u>173,422</u> | <u>151,630</u> | <u>9,738</u> | <u>334,790</u> | <u>–</u> | 334,790 |
| Other income | | | | | | 2,803 |
| Distribution costs | | | | | | (28,871) |
| Administrative expenses | | | | | | (189,070) |
| Other gains and losses | | | | | | 808 |
| Impairment losses reversed under ECL model, net | | | | | | 4,461 |
| Gain on fair value change of investment property | | | | | | 439 |
| Finance costs | | | | | | <u>(17,286)</u> |
| Profit before tax | | | | | | 108,074 |
| Income tax expense | | | | | | <u>(25,882)</u> |
| Profit attributable to owners of the Company | | | | | | <u>82,192</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

| | 2023 <i>HK\$'000</i> | 2022 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| The income tax expense comprises: | | |
| Current tax: | | |
| – Hong Kong | 4,438 | 5,794 |
| – PRC Enterprise Income Tax (“EIT”) | 3,644 | 15,659 |
| – Taiwan | 60 | 1,028 |
| – Taiwan withholding tax on dividends | 602 | 431 |
| | <u>8,744</u> | <u>22,912</u> |
| Under (over) provision in respect of prior year: | | |
| – Hong Kong | – | 171 |
| – PRC EIT | 323 | 39 |
| – Taiwan | (13) | (88) |
| | <u>310</u> | <u>122</u> |
| Deferred tax: | | |
| – (Credit) charge to the year | (7,413) | 2,848 |
| | <u>1,641</u> | <u>25,882</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 years ended March 31, 2023 and 2022.

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% (2022: 25%). The tax rate of the Taiwan subsidiary is 20% (2022: 20%).

5. PROFIT FOR THE YEAR

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

| | 2023 | 2022 |
|---|------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Cost of inventories recognised as expenses (<i>Note i</i>) | 2,856,756 | 3,091,042 |
| Depreciation of property, plant and equipment | 14,975 | 14,127 |
| Depreciation of right-of-use assets | 7,944 | 8,401 |
| Directors' emoluments (<i>Note ii</i>) | 7,841 | 11,758 |
| Gain on disposal of property, plant and equipment | (206) | (6) |
| Audit fees | | |
| Paid to auditor of the Company | 727 | 2,185 |
| Paid to other auditors | 2,020 | 152 |
| Non-audit fees | | |
| Paid to auditor of the Company | 220 | 726 |
| Paid to other auditors | 762 | – |
| Staff costs (excluding directors' emoluments) (<i>Note ii</i>) | 119,886 | 117,568 |
| Net foreign exchange loss (gain) | 32,382 | (1,275) |
| Net (gain) loss on fair value changes of derivative financial instruments | (1,261) | 473 |
| Share-based payment expense | – | 1,802 |
| Interest income from bank deposits | (3,475) | (487) |
| Interest expense on borrowings | 43,332 | 16,726 |
| Impairment losses under ECL model reversed on trade receivables | (881) | (4,614) |
| Government grant | (5,033) | (841) |
| | _____ | _____ |

Notes:

- (i) During the year ended March 31, 2023, the amount included reversal of allowance for inventories amounting to HK\$1,000,000 (2022: nil).
- (ii) During the year ended March 31, 2023, cost of defined contribution plans amounting to HK\$16,216,000 (2022: HK\$15,389,000) was included in staff costs and directors' emoluments.

6. PROPERTY, PLANT AND EQUIPMENT

During the current year, the Group acquired property, plant and equipment amounting to HK\$4,905,000 (2022: HK\$4,036,000). In addition, the Group disposed of certain property, plant and equipment with a carrying amount of HK\$87,000 (2022: HK\$69,000), resulting in a gain of HK\$206,000 (2022: HK\$6,000).

7. TRADE RECEIVABLES

| | 2023 <i>HK\$'000</i> | 2022 <i>HK\$'000</i> |
|-----------------------------------|-------------------------|-------------------------|
| Trade receivables | 816,752 | 904,535 |
| Less: allowance for credit losses | <u>(10,709)</u> | <u>(41,719)</u> |
| | <u>806,043</u> | <u>862,816</u> |

The Group allows a credit period of 30 to 120 days (2022: 30 to 120 days) to its trade customers.

The following is an aging analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date or bills issuance date at the end of the reporting periods:

| | 2023 <i>HK\$'000</i> | 2022 <i>HK\$'000</i> |
|----------------|-------------------------|-------------------------|
| Within 60 days | 560,204 | 574,161 |
| 61 to 90 days | 77,318 | 164,883 |
| Over 90 days | <u>168,521</u> | <u>123,772</u> |
| | <u>806,043</u> | <u>862,816</u> |

8. TRANSFER OF FINANCIAL ASSETS

As at March 31, 2023, the Group's trade receivables amounting to HK\$92,927,000 (2022: HK\$43,217,000) were transferred to banks by discounting those trade 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 secured borrowings amounting to HK\$80,874,000 (2022: HK\$36,845,000).

9. TRADE PAYABLES

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

| | 2023 <i>HK\$'000</i> | 2022 <i>HK\$'000</i> |
|----------------|--------------------------------|-------------------------|
| Within 30 days | 257,580 | 281,386 |
| 31 to 60 days | 128,085 | 108,142 |
| | 385,665 | 389,528 |

10. SHARE CAPITAL

| | Number of shares '000 | Share capital HK\$'000 |
|--|--------------------------------------|---------------------------------------|
| Ordinary shares of HK\$1.00 each | | |
| Authorised | | |
| At April 1, 2021, April 1, 2022 and March 31, 2023 | 120,000 | 120,000 |
| Issued and paid up | | |
| At April 1, 2021 | 85,207 | 85,207 |
| Exercise of share options | 570 | 570 |
| April 1, 2022 | 85,777 | 85,777 |
| Exercise of share options | 1,845 | 1,845 |
| At March 31, 2023 | 87,622 | 87,622 |

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.

During the year ended March 31, 2023, certain share options holders under ESOS III exercised part of their share options and subscribed for 1,845,000 shares (2022: 570,000 shares) of HK\$1.00 each of the Company at an exercise price of HK\$2.61 per share. The weighted average closing price of the Company’s shares immediately before the dates on which the share options were exercised was HK\$4.18 (2022: HK\$3.98) per share.

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

| | Number of share options |
|--|------------------------------------|
| Unexercised share options for ordinary shares at April 1, 2021 | 4,577,000 |
| Forfeited during the year | (70,000) |
| Exercised during the year | <u>(570,000)</u> |
| Unexercised share options for ordinary shares at April 1, 2022 | 3,937,000 |
| Forfeited during the year | (225,000) |
| Exercised during the year | <u>(1,845,000)</u> |
| Unexercised share options for ordinary shares at March 31, 2023 | <u><u>1,867,000</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:

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

Note: During the prior years, upon the bonus issue of shares becoming effective on August 28, 2018, (i) the exercise price of the outstanding share options granted under ESOS III was adjusted to HK\$3.91 per share; and (ii) the respective numbers of underlying shares comprised in the outstanding share options under ESOS III of the Company have been adjusted accordingly.

During the year ended March 31, 2022, share-based payment expense of HK\$1,802,000 was recognised in profit or loss. No such expense was recognised during the year ended March 31, 2023.

12. DIVIDEND

| | 2023 | 2022 |
|--|---------------|---------------|
| | HK\$'000 | HK\$'000 |
| Dividend recognised as distribution during the year: | | |
| 2022 – Final HK33.0 cents and special HK40.0 cents per share | 63,964 | – |
| 2021 – Final HK33.0 cents per share | – | 28,118 |
| | <u>63,964</u> | <u>28,118</u> |

During the year ended March 31, 2023, a one-tier tax exempt final dividend of HK33.0 cents per share and a one-tier tax exempt special dividend of HK40.0 cents per share, in an aggregate amount of HK\$63,964,000, were declared payable to the shareholders of the Company (the “Shareholders”) in respect of the financial year ended March 31, 2022. The final and special dividends were paid on September 21, 2022.

The Board does not recommend the payment of a final dividend for the year ended March 31, 2023.

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 | | | |
|---|---------------------------------|-----------------------------------|--------------------------|----------------------------|
| | 2023 | | 2022 | |
| | Basic <i>HK\$'000</i> | Diluted <i>HK\$'000</i> | Basic <i>HK\$'000</i> | Diluted <i>HK\$'000</i> |
| Profit attributable to owners of the Company | <u>2,716</u> | <u>2,716</u> | <u>82,192</u> | <u>82,192</u> |
| | No. of shares | No. of shares | No. of shares | No. of shares |
| Weighted average number of ordinary shares | 87,204,679 | 87,204,679 | 85,325,912 | 85,325,912 |
| Adjustment for dilutive potential ordinary shares | <u>–</u> | <u>420,910</u> | <u>–</u> | <u>1,178,201</u> |
| Weighted average number of ordinary shares used to compute earnings per share | <u>87,204,679</u> | <u>87,625,589</u> | <u>85,325,912</u> | <u>86,504,113</u> |
| Earnings per share (HK cents) | <u>3.11</u> | <u>3.10</u> | <u>96.33</u> | <u>95.02</u> |

The computation of diluted earnings per share for the year ended March 31, 2023 and 2022 did not assume the exercise of certain 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 year.

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 | |
|--|----------------------|---------------|------------------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| Net asset value per ordinary share based on the number of issued shares of the Company at the end of the year (HK cents) | <u>788.10</u> | <u>898.34</u> | <u>442.95</u> | <u>515.77</u> |

The net asset backing per ordinary share as at March 31, 2023 was based on a total of 87,622,049 (March 31, 2022: 85,777,049) issued ordinary shares.

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

As at March 31, 2023

| | 2023 <i>HK\$'000</i> | 2022 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Non-current assets | | |
| Amount due from a subsidiary | 33,814 | 33,814 |
| Interests in subsidiaries | <u>170,532</u> | <u>162,165</u> |
| Total non-current assets | <u>204,346</u> | <u>195,979</u> |
| Current assets | | |
| Amounts due from subsidiaries | 190,402 | 249,381 |
| Deposits and prepayments | 112 | 17 |
| Income tax recoverable | – | 101 |
| Cash and cash equivalents | <u>4,932</u> | <u>3,588</u> |
| Total current assets | <u>195,446</u> | <u>253,087</u> |
| Total assets | <u><u>399,792</u></u> | <u><u>449,066</u></u> |
| Current liabilities | | |
| Amount due to a subsidiary | 2,747 | – |
| Other payables | 503 | 1,510 |
| Income tax payable | 51 | – |
| Financial guarantee liabilities | <u>8,367</u> | <u>5,141</u> |
| Total current liabilities | <u>11,668</u> | <u>6,651</u> |
| Net current assets | <u>183,778</u> | <u>246,436</u> |
| Total assets less current liabilities | <u>388,124</u> | <u>442,415</u> |
| Capital and reserves | | |
| Share capital | 87,622 | 85,777 |
| Reserves | <u>300,502</u> | <u>356,638</u> |
| Equity attributable to owners of the Company | <u>388,124</u> | <u>442,415</u> |
| Total liabilities and equity | <u><u>399,792</u></u> | <u><u>449,066</u></u> |

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

For the year ended March 31, 2023

| | 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, 2021 | 85,207 | 194,255 | 122,982 | 402,444 |
| Profit for the year, representing total comprehensive income for the year | – | – | 64,799 | 64,799 |
| Transactions with owners, recognised directly in equity: | | | | |
| Exercise of share options | 570 | 918 | – | 1,488 |
| Recognition of equity-settled share-based payments (<i>Note 11</i>) | – | 1,802 | – | 1,802 |
| Dividend paid (<i>Note 12</i>) | – | – | (28,118) | (28,118) |
| Total | 570 | 2,720 | (28,118) | (24,828) |
| At March 31, 2022 | 85,777 | 196,975 | 159,663 | 442,415 |
| Profit for the year, representing total comprehensive income for the year | – | – | 4,858 | 4,858 |
| Transactions with owners, recognised directly in equity: | | | | |
| Exercise of share options | 1,845 | 2,970 | – | 4,815 |
| Share options forfeited | – | (165) | 165 | – |
| Dividend paid (<i>Note 12</i>) | – | – | (63,964) | (63,964) |
| Total | 1,845 | 2,805 | (63,799) | (59,149) |
| At March 31, 2023 | 87,622 | 199,780 | 100,722 | 388,124 |

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group recorded profit attributable to owners of the Company of HK\$2.7 million for the year ended March 31, 2023 (“FY2023”) compared to HK\$82.2 million for the year ended March 31, 2022 (“FY2022”). The decrease was mainly attributable to: (i) a decrease in sales and lower gross profit margin in FY2023; (ii) a foreign exchange loss of approximately HK\$32.4 million mainly arising from the depreciation of the Renminbi (“RMB”) in FY2023 as compared to FY2022 when there was no significant foreign exchange difference; and (iii) an increase in finance costs mainly due to rising weighted average effective interest rate in FY2023 as compared to FY2022. Excluding the foreign exchange difference, profit attributable to owners of the Company would have been HK\$35.1 million in FY2023.

Revenue

The Group’s revenue declined by 8.5% year-on-year (“YoY”) from HK\$3,425.8 million in FY2022 to HK\$3,135.4 million in FY2023. The decline was due to a slowdown in the consumer electronics market, which was worsened in the second half of FY2023. In particular, domestic demand and exports were impacted by rising inflation and a high interest rate environment and further exacerbated by China’s lockdown measures, which lasted until early 2023. Nevertheless, the Group’s Automotive segment recorded strong growth due to robust support from the Chinese government and the ongoing expansion of the electric vehicle (“EV”) industry during the period under review.

China’s economy and business activities have gradually normalized following the full easing of China’s COVID-19 restrictions in early 2023. The Group expects this is beneficial to its business for the financial year ending March 31, 2024.

Revenue by Market Segment Analysis

| | FY2023 | | FY2022 | | Increase/(Decrease) | |
|--|------------------|---------------|------------------|---------------|---------------------|--------------|
| | HK\$'000 | % | HK\$'000 | % | HK\$'000 | % |
| Automotive | 845,174 | 27.0% | 710,758 | 20.7% | 134,416 | 18.9% |
| Industrial | 758,243 | 24.2% | 1,010,422 | 29.5% | (252,179) | -25.0% |
| Home Appliance | 568,016 | 18.1% | 660,797 | 19.3% | (92,781) | -14.0% |
| Electronic Manufacturing Services ("EMS") | 245,108 | 7.8% | 163,241 | 4.8% | 81,867 | 50.2% |
| Telecommunications | 203,160 | 6.5% | 213,945 | 6.2% | (10,785) | -5.0% |
| Audio and Video | 191,876 | 6.1% | 238,855 | 7.0% | (46,979) | -19.7% |
| Dealer | 183,190 | 5.8% | 218,577 | 6.4% | (35,387) | -16.2% |
| Lighting | 97,990 | 3.1% | 118,753 | 3.5% | (20,763) | -17.5% |
| Others | 42,676 | 1.4% | 90,484 | 2.6% | (47,808) | -52.8% |
| | <u>3,135,433</u> | <u>100.0%</u> | <u>3,425,832</u> | <u>100.0%</u> | <u>(290,399)</u> | <u>-8.5%</u> |

Automotive

In FY2023, the Automotive segment took over as the Group's largest revenue generator as it posted revenue of HK\$845.2 million in FY2023, increased by 18.9%, compared to FY2022. The segment benefited from high crude oil prices and the support from the Chinese government in pursuing carbon neutrality, which accelerated the transition to EVs. Although the total number of vehicles purchased in China has not increased significantly in FY2023, the electronics content in EVs is much higher than the traditional internal combustion engine vehicles. The Group expects this trend to continue, and thus, will commit more resources to ride on the uptrend for this segment.

Industrial

The Industrial segment achieved revenue of HK\$758.2 million in FY2023, representing a YoY decrease of 25.0% as compared to FY2022. The lower revenue contribution was due to a decline in exports and domestic demand in the second half of FY2023.

Despite the weakening of overall domestic consumption, there remains a strong demand for certain applications such as high-power application, renewable energy and energy storage products. To leverage this, the Group will manage price pressures and ensure that it has sufficient inventory to cater for these applications.

Home Appliance

Home Appliance, being the third largest revenue generating segment, recorded sales of HK\$568.0 million in FY2023, representing a decrease of 14.0% as compared to FY2022. Demand from this segment was impacted by the weak global consumer electronics market, which affected export sales, as well as slower domestic demand for home appliances because of the cooling measures implemented in mainland China's property market. With the easing of these property cooling measures at the start of 2023, the property market has rebounded. The Group believes that this healthy adjustment will support the long term growth of this market. Moreover, the Chinese government's economic and business policies remain supportive of domestic consumption, especially large home appliances. The Group will continue investing resources in this segment to seize opportunities.

EMS

The EMS segment recorded a YoY increase in revenue of 50.2% to HK\$245.1 million in FY2023 compared to FY2022. The higher revenue contribution was driven by a project secured in the first half of FY2023. The Group will continue to strengthen its sales network in Greater China to secure new projects and opportunities for this segment.

Telecommunications

Revenue from the Telecommunications segment decreased by 5.0% YoY to HK\$203.2 million in FY2023 compared to FY2022. Although the overall demand for smartphone components has been weak since the second half of FY2022, the demand for the Optical Image Stabilisation (OIS) feature of the smartphone camera remained strong. The segment's revenue contribution is expected to remain stable as the Group had secured several projects during the financial year in review.

Audio and Video

The Audio and Video segment recorded revenue of HK\$191.9 million in FY2023, representing a YoY decrease of 19.7% as compared to FY2022. Given the current high interest rate and inflationary environment, demand for consumer electronics is expected to remain weak, especially for home entertainment and conference devices. The Group will carefully manage its order backlog and inventory level to avoid holding obsolete inventory.

Dealer

The Dealer segment registered revenue of HK\$183.2 million in FY2023, representing a YoY decline of 16.2% as compared to FY2022. Revenue contribution from the segment was impacted by weak exports and domestic demand for consumer electronics.

Lighting

The Lighting segment recorded revenue of HK\$98.0 million in FY2023, representing a YoY decline of 17.5%. Going forward, the Group will increase its efforts to market the commercial lighting application as it is expected to fetch higher returns than the consumer application.

Others

The Others segment registered a YoY decline in revenue of 52.8% to HK\$42.7 million in FY2023. The decline was due to lower demand for personal computers, electronic toys and portable devices, which reflected weak consumer spending.

Gross Profit Margin

The Group's gross profit margin declined to 8.9% in FY2023 from 9.8% in FY2022. The lower margin was mainly due to weaker demand for semiconductor chips in FY2023 as compared to the previous two financial years when there was a global shortage of semiconductor. This led to more intense competition as suppliers fought for market share.

Other Income

Other income increased by HK\$7.7 million to HK\$10.5 million in FY2023 from HK\$2.8 million in FY2022, mainly due to the non-recurring subsidy of HK\$2.8 million from the Hong Kong government's Employment Support Scheme and HK\$2.2 million tax rebate from the Chinese government, which was recognised in FY2023. No such income was received in FY2022.

Distribution Costs

Distribution costs in FY2023 stood at HK\$28.9 million, which was similar to FY2022.

Administrative Expenses

Administrative expenses declined by HK\$5.9 million or 3.1% to HK\$183.2 million in FY2023 from HK\$189.1 million in FY2022 due to the tightening of such expenditure.

Other Gains and Losses

Other losses of HK\$30.9 million were incurred in FY2023, due to foreign exchange loss mainly arising from the depreciation of RMB, as compared to other gains of HK\$0.8 million recorded in FY2022 from foreign exchange gain mainly arising from the appreciation of RMB. The Group entered into several foreign currency forward contracts to hedge against the currency risk of depreciation of RMB against the US dollar ("USD").

Impairment Losses Reversed Under Expected Credit Loss Model, Net

There was a reversal of impairment losses of HK\$0.9 million in FY2023 (FY2022: HK\$4.5 million), which was mainly due to the reversal of impairment losses on trade receivables.

Finance Costs

Finance costs, which comprises interest expenses on trust receipt loans and bank borrowings, and interest on lease liabilities, increased by HK\$26.5 million or 153.1% to HK\$43.8 million in FY2023 from HK\$17.3 million in FY2022. The increase was mainly due to rising weighted average effective interest rate as well as an increase in average trust receipt loans as compared to FY2022.

LIQUIDITY AND FINANCIAL RESOURCES

Financial Position

Trust receipt loans increased by HK\$171.7 million to HK\$658.1 million as at March 31, 2023, from HK\$486.4 million as at March 31, 2022. The increase was mainly due to the increase in inventories during the year under review.

Trade payables decreased to HK\$385.7 million as at March 31, 2023, from HK\$389.5 million as at March 31, 2022.

Trade receivables decreased by HK\$56.8 million to HK\$806.0 million as at March 31, 2023, from HK\$862.8 million as at March 31, 2022. The decrease was due to lower sales revenue towards the end of the financial year under review as compared to the corresponding period in FY2022. The debtors turnover days was 3.1 months as at March 31, 2023, which was the same as at March 31, 2022.

As at March 31, 2023, the Group's current ratio (current assets divided by current liabilities) was 1.33 (March 31, 2022: 1.47).

Inventories

Inventories increased to HK\$586.3 million as at March 31, 2023, from HK\$360.4 million as at March 31, 2022. The inventory turnover days increased to 2.5 months as at March 31, 2023, from 1.4 months as at March 31, 2022.

Cash Flow

As at March 31, 2023, the Group had a working capital of HK\$430.1 million which included a cash balance of HK\$317.2 million, compared to a working capital of HK\$499.4 million which included a cash balance of HK\$327.7 million as at March 31, 2022. The decrease in cash by HK\$10.5 million was primarily attributable to the net effect of cash outflow of HK\$184.1 million used in operating activities and cash inflow of HK\$181.6 million generated from financing activities. The Group's cash balance was mainly denominated in USD, RMB and Hong Kong dollars ("HKD").

Cash outflow in operating activities was mainly due to the net effect of an increase in operating cash flows before movement in working capital and the increases in inventories.

Cash inflow generated from financing activities was mainly attributable to the increases in trust receipt loans to finance the increased inventories during the year under review.

Borrowings and Banking Facilities

As at March 31, 2023, the Group had bank borrowings of HK\$200.5 million, which were repayable within one year. Among the Group's bank borrowings, 63.9% was denominated in USD, 30.8% was denominated in HKD and the remainder was denominated in RMB. As at March 31, 2023, the fixed-rate bank borrowings and the variable-rate bank borrowings accounted for 73.3% and 26.7%, respectively. The fixed-rate bank borrowings bore interest at a weighted average effective rate of 6.83% per annum, while variable-rate bank borrowings bore interest at a weighted average effective rate of 5.74% per annum.

As at March 31, 2023, trust receipt loans of HK\$658.1 million were unsecured and repayable within one year and bore interest at a weighted average effective rate of 7.08% per annum. Among the trust receipt loans, 92.8% was denominated in USD and the remainder was denominated in HKD. As at March 31, 2023, the Group had unutilised banking facilities of HK\$416.6 million (March 31, 2022: HK\$980.1 million).

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

Amount repayable in one year or less, or on demand

| As at March 31, 2023 | | As at March 31, 2022 | |
|-----------------------------|------------------|-----------------------------|------------------|
| Secured | Unsecured | Secured | Unsecured |
| HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| 100,663 | 757,914 | 49,434 | 561,359 |

Amount repayable after one year

| As at March 31, 2023 | | As at March 31, 2022 | |
|-----------------------------|------------------|-----------------------------|------------------|
| Secured | Unsecured | Secured | Unsecured |
| HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| – | – | – | – |

As at March 31, 2023, the Group's trade receivables amounting to HK\$92.9 million (March 31, 2022: HK\$43.2 million) were transferred to banks by discounting those trade receivables on a full recourse basis. As the Group had not transferred the significant risks and rewards relating to these receivables, it 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\$80.9 million (March 31, 2022: HK\$36.8 million).

As at March 31, 2023, the Group's remaining secured bank borrowings amounting to HK\$19.8 million (2022: HK\$12.6 million) had been secured by the pledge of certain bills receivables held by the Group amounting to HK\$23.0 million (2022: HK\$14.0 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 foreign exchange rate risks mainly arises from fluctuations in foreign currencies against the functional currencies. Given the pegged foreign exchange rate between HKD and USD, the exposure of entities that use HKD as their respective functional currencies to the fluctuations in USD is minimal. However, foreign exchange rate fluctuations between RMB and USD, RMB and JPY, HKD and JPY, or Taiwan dollars and USD could affect the Group's performance and asset value. The Group has a foreign currency hedging policy to monitor and maintain its foreign exchange exposure at an acceptable level.

Net Gearing Ratio

As at March 31, 2023, the Group's net gearing ratio was 78.6% (March 31, 2022: 37.0%). 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 increase was mainly due to increases in trust receipt loans and bank borrowings and a decrease in shareholders' equity (resulting from the dividends paid to the Shareholders in respect of FY2022).

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

The ongoing geopolitical tensions in Eastern Europe and between the US and China continue to drive inflationary pressures, pushing central banks around the world to tame inflation by aggressively raising interest rates. This is expected to exacerbate the drag on economic activity and give rise to recessionary risks across the globe amid rising energy prices and volatile raw material prices.

Such macroeconomic headwinds and worries about inflation and recession have dampened end-consumer sentiment and weakened demand for consumer electronics. This has led to significantly lower demand for semiconductor chips as compared to the height of the COVID-19 pandemic era when demand for consumer electronics was fueled by lockdown conditions that required people to work from home and study at home.

While the Group expects the next 12 months to be challenging, it remains optimistic about the long-term prospects and sustainability of the business environment in mainland China as the Chinese government is expected to put in place expedient support measures to stabilise the country's economy.

In view of these challenges, the Group will continue to cautiously invest its resources in key growth segments such as Home Appliances, Industrial and Automotive, which continue to receive the support of the Chinese government. The Group will also work closely with its suppliers as well as customers to achieve mutually beneficial outcomes for all stakeholders. Lastly, the Group will also remain prudent in managing its operations and closely monitoring the liquidity position to weather the storm.

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

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

DIVIDEND AND ANNUAL GENERAL MEETING

The Board does not recommend the payment of a final dividend for the year ended March 31, 2023. No dividend has been declared for FY2023 as the Group intends to retain cash for its business operations and future growth.

On September 21, 2022, a final dividend of HK33.0 cents per ordinary share and a special dividend of HK40.0 cents per ordinary share were paid to the Shareholders in respect of the financial year ended March 31, 2022.

The forthcoming annual general meeting of the Company (the "2023 AGM") will be held on or around Friday, July 28, 2023 at 9:30 a.m.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2023 AGM

For the purpose of determining the entitlement of the Shareholders to attend and vote at the 2023 AGM, for Hong Kong Shareholders, the Hong Kong branch Register of Members (the “Hong Kong Branch Register”) will be closed from Tuesday, July 25, 2023 to Friday, July 28, 2023, both days inclusive. During this period, no transfer of the issued shares of the Company (the “Shares”) will be registered. In order to qualify for attending and voting at the 2023 AGM, the non-registered Hong Kong Shareholders must lodge all duly completed and stamped transfer documents accompanied by the relevant share certificates for registration with the Company’s Hong Kong branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong not later than 4:30 p.m. on Monday, July 24, 2023.

For Singapore Shareholders, the share transfer books and Singapore branch Register of Members (the “Singapore Branch Register”) will be closed at 5:00 p.m. on Monday, July 24, 2023. Duly completed registrable transfers of Shares received by the Company’s share transfer agent in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, Keppel Bay Tower, #14-03/07, Singapore 098632, up to and including 5:00 p.m. on Monday, July 24, 2023 will be registered to determine Singapore Shareholders’ entitlements to attend and vote at the 2023 AGM.

Any transfer of the Shares between the Hong Kong Branch Register and the Singapore Branch Register by way of deregistration from one branch Register of Members and registration on the other branch Register of Members has to be made not later than 4:30 p.m. on Friday, July 14, 2023 for Hong Kong Shareholders and not later than 5:00 p.m. on Friday, July 14, 2023 for Singapore Shareholders.

EMPLOYEES AND REMUNERATION POLICIES

As at March 31, 2023, the Group had a workforce of 377 (March 31, 2022: 359) full-time employees, of which 30.8% worked in Hong Kong, 65.9% 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 (the "Remuneration Committee") 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.

CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at March 31, 2023 (March 31, 2022: nil).

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

During the year ended March 31, 2023, 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 year ended March 31, 2023, the Company had complied with all the code provisions set out in the Corporate Governance Code as contained in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on the SEHK (the "HK Listing Rules" and the "HK CG Code", respectively) 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 most onerous provisions. As such, the Board considers that sufficient measures are in place to ensure the adequateness of the Company's corporate governance practices relating to, amongst others, the appointment, retirement and re-election of Directors (including independent non-executive Directors (the "INEDs")).

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. Provision 2.3 of the Singapore CG Code stipulates that non-executive directors make up a majority of the board. The Company notes that the Board composition during the year ended March 31, 2023 was a variation from Provisions 2.2 and 2.3 of the Singapore CG Code as (i) the Board comprised seven members, one of whom was non-executive Director and also the chairman of the Board (the “Chairman”), three of whom were executive Directors and three of whom were INEDs during April 1, 2022 to December 31, 2022; and (ii) the Board comprised six members, three of whom were executive Directors (including one of whom was also the Chairman) and three of whom were INEDs during January 1, 2023 till the end of March 31, 2023. The current Board comprises seven members, two of whom are executive Directors, two of whom are non-executive Directors (including one of whom is also the Chairman), and three of whom are INEDs. The Board has plan to ratify the situation by appointing more new independent Directors so that INEDs make up a majority of the Board, if suitable candidates are identified in the financial year ending March 31, 2024. In the interim, the Board will ensure that all members of each of the three key Board committees, namely the audit committee (the “Audit Committee”), the nomination committee and the Remuneration Committee, shall solely comprise independent Directors, which will act as an additional check and balance on management.

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 year ended March 31, 2023.

REVIEW BY AUDIT COMMITTEE

The Board has established the Audit Committee with written terms of reference in compliance with the HK CG Code, the HK Listing Rules, the Singapore CG Code and the Main Board rules of the listing manual of the SGX-ST. The Audit Committee currently comprises all of the three INEDs, namely Lim Lee Meng (committee chairman), Tang Wai Loong Kenneth and Tong Kai Cheong. The Audit Committee has reviewed and discussed with the management the auditing, internal control, risk management, financial reporting matters and sustainability reporting process of the Group. The Group’s audited annual results and the Company’s draft annual report for the year ended March 31, 2023 have been reviewed by the Audit Committee.

AUDIT OR REVIEW OF THE FINANCIAL RESULTS

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as at and for the year ended March 31, 2023 have been audited by the Company's independent auditor, Deloitte & Touche LLP and the independent auditor's report is attached as Appendix to this announcement.

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 annual report of the Company for the year ended March 31, 2023 (containing the Company's sustainability report) and the notice of the 2023 AGM will be despatched to the Shareholders and 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. *A breakdown of sales*

| | Group | | Increase (Decrease) % |
|--|--------------------------------|-------------------------|-----------------------------|
| | 2023 <i>HK\$'000</i> | 2022 <i>HK\$'000</i> | |
| (a) Sales reported for first half year | 1,782,845 | 1,785,868 | -0.2% |
| (b) Operating profit after tax before deducting non-controlling interests reported for first half year | 12,821 | 43,534 | -70.5% |
| (c) Sales reported for second half year | 1,352,588 | 1,639,964 | -17.5% |
| (d) Operating (loss) profit after tax before deducting non-controlling interests reported for second half year | (10,119) | 38,658 | NM |

NM – Not Meaningful

4. *A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year*

| | Total Annual Dividend | |
|---|--|---------------------------------------|
| | Latest Full Year <i>HK\$'000</i> | Previous Full Year <i>HK\$'000</i> |
| (a) Ordinary | | |
| Final dividend for 2021 (Paid) | – | 28,118 |
| Final dividend for 2022 (Paid) | 63,964 | – |
| Proposed final dividend and special dividend for 2022 | – | 62,960 |
| Proposed final dividend for 2023 | – | – |
| (b) Preference | – | – |
| Total: | 63,964 | 91,078 |

5. ***Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) of the Listing Manual of the SGX-ST in the format below. If there are no such persons, the issuer must make an appropriate negative statement***

| Name | Age | Family relationship with any director and/or substantial shareholder | Current position and duties, and the year the position was first held | Details of changes in duties and position held, if any, during the year |
|-----------------------|-----|---|--|--|
| Leung Chi Hang Daniel | 47 | Eldest son of Leung Chun Wah, a Substantial Shareholder of the Company. | Director of the following principal subsidiaries of the Company: <ol style="list-style-type: none"> 1. Array Electronics (China) Limited since September 27, 2021 2. Willas-Array Electronics (Hong Kong) Limited since September 27, 2021 3. Willas-Array Electronics Management Limited since September 27, 2021 4. Willas-Array Electronics (Taiwan) Inc. since April 1, 2022 5. Willas-Array Electronics (Shanghai) Limited since January 26, 2022 6. Willas-Array Electronics (Shenzhen) Limited since November 3, 2022 (Responsible for the overall strategies and management of the principal subsidiaries) | Chairman of the Board and an executive director of the Company (Note) |

Note: Leung Chi Hang Daniel ceased to be the Chairman of the Board and an executive director of the Company with effect from April 27, 2023.

6. *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
Hon Kar Chun
Executive Director and Managing Director

Hong Kong/Singapore, May 30, 2023

As at the date of this announcement, the Board comprises two Non-executive Directors, namely Mr. Xie Lishu (Chairman) and Ms. Huang Shaoli; two Executive Directors, namely Mr. Hon Kar Chun (Managing Director) and Mr. Leung Hon Shing; and three Independent Non-executive Directors, namely Mr. Lim Lee Meng, Mr. Tang Wai Loong Kenneth and Mr. Tong Kai Cheong.

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

Appendix

The independent auditor's report on the full financial statements of Willas-Array Electronics (Holdings) Limited for the financial year ended March 31, 2023 is as follows:

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
WILLAS-ARRAY ELECTRONICS (HOLDINGS) LIMITED
For the financial year ended March 31, 2023**

Opinion

We have audited the consolidated financial statements of Willas-Array Electronics (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages [•••] to [•••], which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at March 31, 2023, and of its consolidated financial performance, consolidated changes in equity and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS Standards") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

| Key audit matter | How our audit addressed the key audit matter |
|------------------|--|
|------------------|--|

Impairment assessment of trade receivables

We identified impairment assessment of trade receivables as a key audit matter due to the significance of trade receivables to the Group’s consolidated financial position and the involvement of significant judgement and management estimates in evaluating the expected credit losses (“ECL”) of the Group’s trade receivables at the end of the reporting period.

As at March 31, 2023, the Group’s net trade receivables amounted to HK\$806,043,000, representing approximately 40% of total assets of the Group, of which HK\$176,568,000 were past due.

As disclosed in Note [•••] to the consolidated financial statements, the management of the Group estimates the amount of lifetime ECL of trade receivables that are not credit-impaired based on provision matrix through grouping of various debtors after considering internal credit ratings of trade debtors, aging and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. In addition, trade receivables that are credit-impaired are assessed for ECL individually. The loss allowance amount of the credit-impaired trade receivables is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses as at March 31, 2023.

Our audit procedures in relation to impairment assessment of trade receivables included:

- Understanding key controls of the management estimation on the loss allowance for trade receivables;
- Testing the integrity of information used by management to develop the grouping in collective basis, including trade receivables aging analysis as at March 31, 2023, on a sample basis, by comparing individual items in the analysis with the relevant supporting documents in relation to the determination of credit rating of the customers;
- Challenging management’s basis and judgement in determining credit loss allowance on trade receivables as at March 31, 2023, including their identification of credit-impaired trade receivables, the reasonableness of management’s grouping of the remaining trade debtors into different categories using the collective basis, and the basis of estimated loss rates applied in each category in the provision matrix with reference to historical default rates and forward-looking information;

Key audit matter**How our audit addressed the key audit matter*****Impairment assessment of trade receivables***
– continued

As disclosed in Note [•••] to the consolidated financial statements, the Group's lifetime ECL on trade receivables as at March 31, 2023 amounted to HK\$10,709,000.

- Performing test of the information used in determining loss allowance for trade receivables, such as the trade receivables ageing schedule;
- Performing retrospective testing on management estimates;
- Performing test of details on the settlement of a sample of trade receivables subsequent to the end of the reporting period; and
- Evaluating the disclosures regarding the impairment assessment of trade receivables in Notes [•••] and [•••] to the consolidated financial statements.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon. The Financial Highlights, Chairman's Statement, Management Discussion and Analysis, Environment, Social and Governance Report, Corporate Governance Report, Report of the Directors, and Statement of Directors was obtained prior to the date of this auditor's report, and the remaining other information included in the annual report is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Corporate Information, Board of Directors, Senior Management, and Shareholders' Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with ISAs.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair consolidated financial statements and to maintain accountability of assets.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- (d) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Mr. Toh Yew Kuan Jeremy.

Deloitte & Touche LLP

Public Accountants and

Chartered Accountants

Singapore

May 30, 2023