



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)

Interim Report 2024/25



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Corporate Information

DIRECTORS

Executive Directors

Xie Lishu (*Chairman*)
(re-designated with effect from October 21, 2024)
Fan Qinsheng

Non-executive Director

Huang Shaoli

Independent Non-executive Directors

Chong Eng Wee (*Lead Independent Director*)
Lau Chin Huat
Tso Sze Wai
Jiang Maolin

COMPANY SECRETARY

Chan Lai Yee

AUDIT COMMITTEE

Lau Chin Huat (*Chairman*)
Chong Eng Wee
Tso Sze Wai
Jiang Maolin

NOMINATION COMMITTEE

Chong Eng Wee (*Chairman*)
Lau Chin Huat
Tso Sze Wai
Jiang Maolin

REMUNERATION COMMITTEE

Tso Sze Wai (*Chairman*)
Chong Eng Wee
Lau Chin Huat
Jiang Maolin

COMPLIANCE COMMITTEE

Jiang Maolin (*Chairman*)
Chong Eng Wee
Lau Chin Huat
Tso Sze Wai

EMPLOYEE SHARE OPTION SCHEME COMMITTEE

Xie Lishu (*Chairman*)
Tso Sze Wai

AUTHORISED REPRESENTATIVES

Fan Qinsheng
Chan Lai Yee

REGISTERED OFFICE

Victoria Place, 5/F
31 Victoria Street
Hamilton HM10
Bermuda

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

24/F, Wyler Centre, Phase 2
200 Tai Lin Pai Road
Kwai Chung, New Territories
Hong Kong

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Management (Bermuda) Limited
Victoria Place, 5/F
31 Victoria Street
Hamilton HM10
Bermuda

Corporate Information

SINGAPORE SHARE TRANSFER AGENT

Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
Keppel Bay Tower
#14-03/07
Singapore 098632

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F
148 Electric Road
North Point
Hong Kong

INDEPENDENT AUDITOR

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
6 Shenton Way
OUE Downtown 2
#33-00
Singapore 068809
Partner-in-charge: Toh Yew Kuan Jeremy
(appointed on July 31, 2024)

COMPANY WEBSITE

www.willas-array.com.cn
(with effect from July 1, 2024)

LISTING INFORMATION

Place of Listing

Main Board of The Stock Exchange of Hong Kong
Limited
Main Board of Singapore Exchange Securities
Trading Limited

Stock Code

Hong Kong: 854
Singapore: BDR

Board Lot

Hong Kong: 1,000 shares
Singapore: 100 shares

Financial Highlights

Willas-Array Electronics (Holdings) Limited (the “Company”) was incorporated in Bermuda on August 3, 2000 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The issued ordinary shares of the Company (the “Shares”) 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 board of directors of the Company (the “Directors” 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, 2024, together with the comparative figures for the six months ended September 30, 2023 as follows:

FINANCIAL HIGHLIGHTS

	For the six months ended September 30,		Change %
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	
Revenue	1,189,829	1,359,457	-12.5
Gross profit	23,933	61,981	-61.4
Loss before tax	(70,395)	(96,712)	-27.2
Loss attributable to owners of the Company	(62,159)	(95,227)	-34.7
Loss per share (HK cents)	(70.89)	(108.68)	-34.8

Management Discussion and Analysis

BUSINESS REVIEW

The Group narrowed its loss attributable to owners of the Company to HK\$62.2 million for the six months ended September 30, 2024 ("1H FY2025") from HK\$95.2 million for the six months ended September 30, 2023 ("1H FY2024"). The loss in 1H FY2025 was mainly due to:

- (i) global uncertainties leading to economic downturn, weak demand in the end-markets and the high interest rate environment. As a result, the Group achieved a sales revenue of HK\$1,189.8 million, representing a year-on-year ("YOY") decrease of 12.5% as compared to 1H FY2024;
- (ii) stagnant consumption in end-markets and weak demand in the semiconductor market, as well as intense price competition. To actively reduce inventory, the Group has taken proactive measures to offer discounts and this has exerted short-term pressure on gross profit margins. Consequently, the adjusted gross profit margin stood at 6.2% (excluding the impact of stock provision), representing a decrease of 1.1% as compared to 1H FY2024;
- (iii) an increase in stock provision of HK\$49.8 million for slow-moving inventories due to a slowdown of market demand in 1H FY2025 as compared to an increase of HK\$37.0 million in 1H FY2024;
- (iv) a reversal of net impairment losses of HK\$6.4 million recognised under expected credit loss model in 1H FY2025 as compared to net impairment losses of HK\$8.4 million recognised under expected credit loss model in 1H FY2024; and
- (v) a decrease in finance costs of HK\$13.9 million mainly due to the lower level of bank borrowings in 1H FY2025 as compared to 1H FY2024 and the lowered weighted average effective interest rate in 1H FY2025 as compared to 1H FY2024.

The adjusted loss attributable to owners of the Company would have been HK\$15.5 million in 1H FY2025, if excluding the stock provision of HK\$49.8 million, the reversal of net impairment losses recognised under expected credit loss model of HK\$6.4 million, and the net exchange loss of HK\$3.3 million.

Revenue

The Group's revenue decreased by 12.5% to HK\$1,189.8 million in 1H FY2025 as compared to HK\$1,359.5 million in 1H FY2024. This was due to a decline in sales across all its segments except for the Industrial and Dealer segments.

Management Discussion and Analysis

Revenue by Market Segment Analysis

	1H FY2025		1H FY2024		Increase/(Decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Industrial	314,869	26.5%	280,374	20.6%	34,495	12.3%
Automotive	305,183	25.6%	401,408	29.5%	(96,225)	-24.0%
Home Appliance	211,852	17.8%	248,815	18.3%	(36,963)	-14.9%
Electronic Manufacturing Services ("EMS")	102,598	8.6%	125,361	9.2%	(22,763)	-18.2%
Dealer	92,261	7.8%	79,786	5.9%	12,475	15.6%
Audio and Video	82,852	7.0%	83,654	6.2%	(802)	-1.0%
Telecommunications	48,630	4.1%	92,433	6.8%	(43,803)	-47.4%
Lighting	20,448	1.7%	33,442	2.5%	(12,994)	-38.9%
Others	11,136	0.9%	14,184	1.0%	(3,048)	-21.5%
	1,189,829	100.0%	1,359,457	100.0%	(169,628)	-12.5%

Industrial

The Industrial segment recorded a revenue of HK\$314.9 million in 1H FY2025, representing an increase of approximately 12.3% compared to the same period last year. The growth was driven mainly by the PRC Government's "Made in China 2025" initiative¹, which emphasizes the transformation of China into a high-tech manufacturing leader, with intelligent automation as a core element. The Group was able to leverage this initiative and its own experience in this segment to drive sales and achieve healthy growth.

Automotive

Revenue from the Automotive segment decreased by approximately 24.0% from approximately HK\$401.4 million in 1H FY2024 to HK\$305.2 million in 1H FY2025. The decline in sales was a result of a buildup in inventory of new energy vehicle parts and components in 1H FY2025, which depressed the selling price and sales volume of the Automotive segment. However with the global push towards net zero and the growing international demand for new energy vehicles with smart vehicle-road-cloud integrated systems, the potential of this segment remains strong and it continues to enjoy support from the PRC Government.

Home Appliance

The Home Appliance segment, which is the third largest revenue generating segment, recorded sales of HK\$211.9 million in 1H FY2025, representing a decrease of approximately 14.9% as compared to 1H FY2024. Demand within 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 real estate market. Although the Chinese government has started to ease the cooling measures and tried to re-build market confidence, it would take some time for the market to re-adjust. The Group will monitor the market to ensure that its stock levels is in line with customer demand.

¹ Smart Manufacturing In China Supported by Made in China 2025

Management Discussion and Analysis

EMS

Revenue from this segment decreased approximately 18.2% YOY to HK\$102.6 million in 1H FY2025. The performance of this segment reflected a challenging export environment.

Dealer

The Dealer segment recorded revenue of HK\$92.3 million in 1H FY2025, representing an increase of approximately 15.6% as compared to 1H FY2024. To clear inventory, the Group offered discounts and promotions through its dealers, hence driving up the sales volume in this segment.

Audio and Video

The Audio and Video segment recorded a revenue of HK\$82.9 million in 1H FY2025, representing a decrease of approximately 1.0% as compared to 1H FY2024. While challenges remain, the Group expects AI-driven enhancements to drive positive growth for the market.

Telecommunications

Revenue from the Telecommunications segment decreased by 47.4% YOY to HK\$48.6 million mainly due to weak demand for mobile phones.

Lighting

The Lighting segment recorded a revenue of HK\$20.4 million in 1H FY2025, representing a YOY decline of 38.9%. This decline followed the previous year's trend of weak demand in the consumer and commercial lighting markets.

Others

The Others segment recorded a YOY decline of approximately 21.5% in revenue to HK\$11.1 million. The overall market decline in 2024 was due to weak consumer demand, which dragged down sales of personal computers, electronic toys and portable devices. Looking ahead, the Group expects emerging areas such as autonomous driving, low-altitude airspace economy and robotics to bring opportunities for growth. The Group has allocated resources to these areas as part of its future plans.

Gross Profit Margin

The Group's gross profit margin fell to 2.0% in 1H FY2025 from 4.6% in 1H FY2024 because of a stock provision of HK\$49.8 million for slow-moving inventories made in 1H FY2025 as compared to a stock provision of HK\$37.0 million in 1H FY2024. The increase in stock provision was primarily due to (i) the significant pricing pressure due to the weak market demand that led to intense price wars; and (ii) the efforts to clear old inventory to avoid further price erosion in light of the pricing pressure.

Excluding the stock provision, the adjusted gross profit margin in 1H FY2025 would have been 6.2% from 7.3% in 1H FY2024.

Management Discussion and Analysis

Other Income

Other income decreased by HK\$0.3 million to HK\$1.1 million in 1H FY2025 from HK\$1.4 million in 1H FY2024, mainly due to the decrease of interest income from bank deposits.

Distribution Costs

Distribution costs decreased by HK\$0.1 million or 1.1% to HK\$11.1 million in 1H FY2025 from HK\$11.2 million in 1H FY2024. This was mainly due to the net effect of (i) an increase in incentive provision for 1H FY2025 and (ii) a decrease in promotional expenses for 1H FY2025.

Administrative Expenses

Administrative expenses declined by HK\$22.4 million or 24.5% to HK\$69.0 million in 1H FY2025 from HK\$91.4 million in 1H FY2024. This was mainly due to a decrease in staff costs of approximately HK\$13.9 million in 1H FY 2025 due to the Group's proactive review and streamlining of its cost structure, aimed at achieving better capital efficiency across its operations.

Other Gains and Losses

Other losses of HK\$3.2 million were incurred in 1H FY2025. The decrease in other losses was mainly due to the decrease in exchange loss amounting approximately HK\$12.1 million arising from the depreciation of the Renminbi ("RMB") against the Hong Kong dollars ("HKD") in 1H FY2025 as compared to 1H FY2024.

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

There was a reversal of impairment losses of HK\$6.4 million on trade receivables in 1H FY2025 due to over-provision adjustment on trade receivables in FY2024, which was reversed in 1H FY2025.

Finance Costs

Finance costs, which comprise interest expenses on trust receipt loans, bank borrowings, loans from the ultimate holding company and interest on lease liabilities, decreased by HK\$13.9 million or 44.0% to HK\$17.7 million in 1H FY2025 from HK\$31.6 million in 1H FY2024. The decrease was mainly due to a lower level of bank borrowings and lower weighted average effective interest rate as compared to the same period last year.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

Financial Position

Trust receipt loans decreased by HK\$93.6 million to HK\$174.6 million as at September 30, 2024, from HK\$268.2 million as at March 31, 2024. The decrease was mainly due to the decreased purchases towards the end of the current interim period as compared with the purchases towards March 31, 2024.

Trade payables decreased to HK\$333.3 million as at September 30, 2024, from HK\$735.8 million as at March 31, 2024.

Trade receivables decreased by HK\$39.0 million to HK\$777.5 million as at September 30, 2024, from HK\$816.5 million as at March 31, 2024. The decrease was due to the enhanced credit control and collection efforts by the Group in 1H FY2025.

As at September 30, 2024, the Group's current ratio (current assets divided by current liabilities) was 1.19 (March 31, 2024: 1.20).

Inventories

Inventories decreased to HK\$476.2 million as at September 30, 2024, from HK\$707.7 million as at March 31, 2024. The inventory turnover days decreased to 2.5 months as at September 30, 2024, from 3.4 months as at March 31, 2024.

Cash Flow

As at September 30, 2024, the Group had a working capital of HK\$208.6 million which included a cash balance of HK\$56.8 million, as compared to a working capital of HK\$268.5 million which included a cash balance of HK\$68.9 million as at March 31, 2024. The decrease in cash by HK\$12.1 million was primarily attributable to the net effect of cash outflow of HK\$199.0 million used in operating activities and cash inflow of HK\$188.4 million from financing activities. The Group's cash balance was mainly denominated in USD, RMB and HKD.

Cash outflow in operating activities was mainly due to the net effect of a decrease in inventories and a decrease in trade payables.

Cash inflow from financing activities was mainly attributable to proceeds from loans from the ultimate holding company in 1H FY2025.

Management Discussion and Analysis

Borrowings and Banking Facilities

As at September 30, 2024, the Group had bank borrowings of HK\$449.9 million, which were repayable within one year. Among the Group's bank borrowings, 16.6% was denominated in USD and 1.8% was denominated in HKD and the remainder was denominated in RMB. As at September 30, 2024, the fixed-rate bank borrowings and the variable-rate bank borrowings accounted for 88.5% and 11.5%, respectively. The fixed-rate bank borrowings bore interest at a weighted average effective rate of 3.20% per annum, while variable-rate bank borrowings bore interest at a weighted average effective rate of 6.20% per annum.

As at September 30, 2024, trust receipt loans of HK\$174.6 million were unsecured and repayable within one year and bore interest at a weighted average effective rate of 7.4% per annum. 100% of the trust receipt loans was denominated in USD. As at September 30, 2024, the Group had unutilised banking facilities of HK\$259.5 million (March 31, 2024: HK\$489.6 million).

As at September 30, 2024, the Group had loans from the ultimate holding company of HK\$133.0 million (March 31, 2024: nil), which were unsecured and repayable within one year. The effective interest rate of these loans was 6.8% per annum.

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

Amount repayable in one year or less, or on demand

As at September 30, 2024		As at March 31, 2024	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
519,291	105,189	489,549	75,908

As at September 30, 2024, the Group's trade receivables amounting to HK\$276.8 million (March 31, 2024: HK\$102.4 million) were transferred to banks by discounting those trade receivables and bills received on a full recourse basis. As the Group had not transferred the significant risks and rewards relating to these receivables, it had continued to recognise the full carrying amount of the receivables and had recognised the cash received on the transfer as secured borrowings amounting to HK\$258.2 million (March 31, 2024: HK\$142.5 million).

As at September 30, 2024, the Group's remaining secured bank borrowings amounting to HK\$21.8 million (March 31, 2024: HK\$78.8 million) had been secured by the pledge of certain bills receivables held by the Group amounting to HK\$13.8 million (March 31, 2024: HK\$13.1 million).

Foreign Exchange Risk Management

The Group operates in Hong Kong, the PRC and Taiwan. It incurred foreign currency risk mainly from sales and purchases that were denominated in currencies other than its functional currencies. Sales are mainly denominated in USD, RMB and HKD whereas purchases are mainly denominated in USD, Japanese yen ("JPY"), RMB and HKD. Therefore, the exposure to foreign exchange rate risks mainly arises from fluctuations in foreign currencies against the functional currencies. Given the pegged foreign exchange rate between HKD and USD, the exposure of entities that use HKD as their respective functional currencies to the fluctuations in USD is minimal. However, foreign exchange rate fluctuations between RMB and USD, RMB and JPY, HKD and JPY, or Taiwan dollars and USD could affect the Group's performance and asset value. The Group has a foreign currency hedging policy to monitor and maintain its foreign exchange exposure at an acceptable level.

Management Discussion and Analysis

Net Gearing Ratio

As at September 30, 2024, the Group's net gearing ratio was 159.7% (March 31, 2024: 99.5%). The net gearing ratio was derived by dividing net debts (representing interest-bearing bank borrowings, trust receipt loans, loans from the ultimate holding company and bills payables minus cash and cash equivalents and restricted bank deposits) by shareholders' equity at the end of a given period and multiplied by 100%. The increase was mainly due to increase in loans from the ultimate holding company, decreases in cash and cash equivalents and shareholders' equity (resulting from the loss in respect of 1H FY2025).

STRATEGY AND PROSPECTS

The Group expects the next 12 months to be challenging due to uncertainties in the global economy. Prolonged geopolitical conflicts in Eastern Europe and the Middle East has led to weak consumer and business sentiment and trade tensions between the US and the PRC are also expected to contribute to a difficult business environment. Although business activities in the PRC market has picked up, the overall recovery still fell short of expectations. Many dealers and original equipment manufacturers are still in the process of destocking, a situation that is expected to continue in 2024 and until the economy potentially recovers in 2025.

In view of the complex economic environment, the Group, with its diversified business model, has been proactively seizing opportunities in high-growth sectors such as automotive electrification and new energy appliances, and has made these sectors a key focus of its development. The Group will continue to put more investments into gaining market share while keeping an eye out for potential opportunities in other business segments. It will also work closely with customers to provide value-added solutions.

The Group is optimistic about the outlook for the electronics components distribution industry, underpinned by sustained global demand for advanced technologies, industrial digitization, and increasing adoption of innovative devices across multiple sectors. In keeping with current trends, the Group has invested in R&D to expand its capabilities and has increased its focus on opportunities in artificial intelligence, particularly in generative AI applications, which it believes will drive growth in energy demand and efficiency.

Looking ahead, the Group will continue to leverage its more than four decades of industry-leading experience to respond nimbly to the uncertain business environment. At the same time, it will increase efficiency and reduce costs, improve profitability and endeavour to enhance its competitive position in the electronic components and automotive electronics markets.

Management Discussion and Analysis

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

Reference is made to the Company's announcement dated October 21, 2024 in relation to the change of the Company's financial year end date from March 31 to December 31. Accordingly, the next financial year end date of the Company will be December 31, 2024 and the next audited consolidated financial statements of the Company to be published will cover the period of 9 months commencing on April 1, 2024 and ending on December 31, 2024.

Pursuant to the announcement of the Company dated September 30, 2024, at the request of the Company, trading in the shares of the Company on the SEHK has been halted with effect from 9:00 a.m. on September 30, 2024 pending the public float of the Company to be restored. Trading in the shares of the Company will remain suspended until further notice.

Save as disclosed above, there were no other important events affecting the Group have occurred after the end of the interim period.

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended September 30, 2024 (1H FY2024: nil) as the Group intends to retain cash for its business operations and future growth.

EMPLOYEES AND REMUNERATION POLICIES

As at September 30, 2024, the Group had a workforce of 310 (March 31, 2024: 325) full-time employees, of which 19.4% worked in Hong Kong, 76.5% in the PRC and the remainder in Taiwan.

The Group actively pursues a strategy of recruiting, retaining and developing talented employees by (i) providing them with regular training programmes to ensure that they are kept abreast of the latest information pertaining to the products distributed by the Group, technological developments and market conditions of the electronics industry; (ii) aligning employees' compensation and incentives or bonus with their performance; and (iii) providing them with a clear career path with opportunities for taking on additional responsibilities and securing promotions. Besides, the Company has adopted an employee share option scheme to reward the directors of the Company (the "Directors") and the eligible employees for their contribution to the Group.

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

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

CHARGES ON THE GROUP'S ASSETS

As at September 30, 2024, the Group pledged certain properties of HK\$147.8 million (March 31, 2024: HK\$95.0 million) to secure trust receipt loans of HK\$174.6 million (March 31, 2024: HK\$268.2 million) and bank borrowings of HK\$138.2 million (March 31, 2024: nil).

CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at September 30, 2024 (March 31, 2024: nil).

Disclosure of Interests

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at September 30, 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the “SFO”), which were: (i) notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on the SEHK (the “HK Listing Rules” and the “HK Model Code”, respectively) were as follows:

Long position in the Shares

Name of Directors/ Chief Executive	Number of Shares Held			Total	Approximate percentage of total shareholding in the Company ⁽³⁾ (%)
	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Corporate interests (interest of a controlled corporation)		
Xie Lishu ⁽¹⁾ (“Mr. Xie”)	–	–	67,991,806	67,991,806	77.53
Huang Shaoli ⁽²⁾ (“Ms. Huang”)	–	67,991,806	–	67,991,806	77.53

Note:

- (1) Mr. Xie, being the chairman of the Board (the “Chairman”) and the executive Director, is deemed to be interested in the 67,991,806 Shares held by Texin (HongKong) Electronics Co. Limited (“Texin”), by virtue of the SFO. Texin is wholly owned by Kunshan Archer Electronics Co. Ltd. (“Kunshan Archer”), which is in turn wholly owned by Shanghai YCT Electronics Group Co. Ltd. (“Shanghai YCT”). Mr. Xie is the controlling shareholder of Shanghai YCT.
- (2) Ms. Huang, being the non-executive Director, is deemed to be interested in the 67,991,806 Shares held by her husband, Mr. Xie, by virtue of the SFO.
- (3) The percentage represents the total number of the Shares interested divided by the number of issued Shares as at September 30, 2024 (i.e. 87,692,049 Shares).

Disclosure of Interests

Save as disclosed above, as at September 30, 2024, none of the Directors or the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were: (i) notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO; or (ii) recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the SEHK pursuant to the HK Model Code.

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES OR UNDERLYING SHARES

As at September 30, 2024, so far as the Directors are aware, the following corporations which or persons (other than a Director or the chief executive of the Company) who had or were deemed or taken to have interests or short positions in the Shares or underlying Shares, which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, were as follows:

Long position in the Shares

Name of Shareholders	Number of Shares Held			Total	Approximate percentage of total shareholding in the Company ⁽⁴⁾ (%)
	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Corporate interests (interest of controlled corporations)		
Shanghai YCT ⁽¹⁾	–	–	67,991,806	67,991,806	77.53
Kunshan Archer ⁽¹⁾	–	–	67,991,806	67,991,806	77.53
Texin ⁽¹⁾	67,991,806	–	–	67,991,806	77.53
Leung Chun Wah ⁽²⁾ ("Mr. Leung")	1,230,130	805,134	4,909,813	6,945,077	7.92
Cheng Wai Yin, Susana ⁽³⁾ ("Ms. Cheng")	805,134	6,139,943	–	6,945,077	7.92
Max Power Assets Limited ("Max Power")	4,909,813	–	–	4,909,813	5.60

Disclosure of Interests

Notes:

- (1) Texin is wholly owned by Kunshan Archer, which is in turn wholly owned by Shanghai YCT. Kunshan Archer and Shanghai YCT are deemed to be interested in the 67,991,806 Shares held by Texin, by virtue of the SFO.
- (2) Mr. Leung is deemed to be interested in the 805,134 Shares held by his wife, Ms. Cheng, by virtue of the SFO. The 4,909,813 Shares are held by Max Power of which Mr. Leung is the sole director and shareholder. By virtue of the SFO, Mr. Leung is deemed to be interested in all of the Shares held by Max Power.
- (3) Ms. Cheng, the wife of Mr. Leung, is deemed under the SFO to be interested in (a) the 1,230,130 Shares held by Mr. Leung as beneficial owner and (b) the 4,909,813 Shares deemed to be held by Mr. Leung through Max Power.
- (4) The percentage represents the total number of the Shares interested divided by the number of issued Shares as at September 30, 2024 (i.e. 87,692,049 Shares).

Save as disclosed above, as at September 30, 2024, the Directors are not aware of any corporations which or persons (other than a Director or the chief executive of the Company) who had or were deemed or taken to have interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

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 Group for the purpose of providing incentives or rewards for their contribution to the Group.

ESOS III was adopted by an ordinary resolution of the shareholders of the Company (the “Shareholders”) at the special general meeting of the Company held on July 30, 2013. ESOS III was expired on July 29, 2023.

The number of share options available for grant under ESOS III was 883,340 at the beginning and the end of 1H FY2025.

The number of Shares that may be issued in respect of share options granted under ESOS III during 1H FY2025 divided by the weighted average number of Shares in issue for 1H FY2025 was 0.40%.

Fair values of the share options granted under ESOS III were calculated using the Binomial option pricing model.

Disclosure of Interests

The grant of share options shall be accepted within 30 days from the date of grant, accompanied by payment of HK\$1.00 as consideration by the grantee.

The vesting period of the share options granted under ESOS III is one year after the date of grant.

Particulars of the share options outstanding under ESOS III at the beginning and at the end of 1H FY2025 and the share options granted, exercised, lapsed and forfeited during 1H FY2025 were as follows:

Category of participants	Date of grant	Number of underlying Shares comprised in share options					Balance as at September 30, 2024	Exercise price per Share	Exercise period
		Balance as at April 1, 2024	Granted during 1H FY2025	Exercised during 1H FY2025	Lapsed during 1H FY2025	Forfeited during 1H FY2025			
Employees in aggregate	July 17, 2017	467,500	-	-	-	(170,500)	297,000	HK\$3.91	July 18, 2018 to July 17, 2027
Employees in aggregate	December 2, 2020	545,000	-	(70,000)	-	(425,000)	50,000	HK\$2.61	December 3, 2021 to December 2, 2030
		<u>1,012,500</u>	<u>-</u>	<u>(70,000)</u>	<u>-</u>	<u>(595,500)</u>	<u>347,000</u>		

During 1H FY2025, share options holders under ESOS III exercised part of their share options and subscribed for 70,000 Shares at an exercise price of HK\$2.61 per Share. The weighted average closing price of the Shares immediately before the dates on which the options were exercised was HK\$3.18 per Share.

None of the holders of outstanding share options granted under ESOS III (i) is a Director, the chief executive or a substantial shareholder (as defined in the HK Listing Rules) of the Company, or their respective associates (as defined in the HK Listing Rules); and (ii) was granted any share option entitling him/her to subscribe for Shares exceeding the individual limit under ESOS III in the 12-month period up to and including the date of grant.

Corporate Governance and Other Information

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

During the six months ended September 30, 2024, the Company did not redeem any of its securities listed on the Main Board of the SEHK and the SGX-ST nor did the Company or any of its subsidiaries purchase or sell any of such securities (including the sale of treasury shares). As at September 30, 2024, there were no treasury shares (as defined under the HK Listing Rules) held by the Company.

COMPLIANCE WITH CORPORATE GOVERNANCE CODES

The Board and the Company's management are committed to maintaining high standards of corporate governance. The Board firmly believes that conducting the Group's business in a transparent and responsible manner and following good corporate governance practices serve its long-term interests and those of the Shareholders. The Board considers that during the six months ended September 30, 2024, the Company had complied with all the code provisions set out in the Corporate Governance Code as contained in Part 2 of Appendix C1 to the HK Listing Rules (the "HK CG Code") and the Code of Corporate Governance 2018 of Singapore (the "Singapore CG Code").

In the event of any conflict among the HK CG Code, the Singapore CG Code and the bye-laws of the Company, the Company will comply with the most onerous provisions. As such, the Board considers that sufficient measures are in place to ensure the adequateness of the Company's corporate governance practices relating to, amongst others, the appointment, retirement and re-election of Directors (including independent non-executive Directors (the "INEDs")).

COMPLIANCE WITH HONG KONG MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the HK Listing Rules (the "HK Model Code") as its own code of conduct for dealing in the securities of the Company by the Directors. Following a specific enquiry made by the Company with each of the current Directors, all of them confirmed that they had complied with the required standards as set out in the HK Model Code throughout the six months ended September 30, 2024.

REVIEW BY AUDIT COMMITTEE

The Board has established an audit committee (the "Audit Committee") with written terms of reference in compliance with the HK CG Code, the HK Listing Rules, the Singapore CG Code and the Main Board rules of the listing manual of the SGX-ST. The Audit Committee currently comprises all of the four INEDs, namely Lau Chin Huat (committee chairman), Chong Eng Wee, Tso Sze Wai and Jiang Maolin.

The Group's unaudited interim results and the Company's draft interim report for the six months ended September 30, 2024 have been reviewed by the Audit Committee and is of the opinion that the preparation of the statements complies with the applicable accounting standards and that adequate disclosures have been made.

Corporate Governance and Other Information

UPDATE ON THE DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE HK LISTING RULES

Pursuant to Rule 13.51B(1) of the HK Listing Rules, changes in the information of the Directors since the date of the 2023/24 annual report of the Company required to be disclosed in this interim report are as follows:

Mr. Xie Lishu was re-designated as an executive Director with effect from October 21, 2024.

Mr. Lau Chin Huat, an INED, was appointed as the lead independent director of Wilton Resources Corporation Limited (SGX-ST stock code: 5F7) since October 2024.

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended September 30, 2024

	NOTES	For the six months ended September 30,	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	3	1,189,829	1,359,457
Cost of sales		(1,165,896)	(1,297,476)
Gross profit		23,933	61,981
Other income		1,118	1,389
Distribution costs		(11,074)	(11,201)
Administrative expenses		(68,982)	(91,402)
Other gains and losses		(3,239)	(16,061)
Impairment losses reversed (recognised) under expected credit loss ("ECL") model, net	11	6,381	(8,388)
Loss on fair value change of investment property		(808)	(1,386)
Finance costs		(17,724)	(31,644)
Loss before tax		(70,395)	(96,712)
Income tax credit	4	8,235	1,448
Loss for the period	5	(62,160)	(95,264)
Other comprehensive income (expense): <i>Item that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences arising from translation of foreign operations		2,586	(20,914)
Other comprehensive income (expense) for the period		2,586	(20,914)
Total comprehensive expense for the period		(59,574)	(116,178)
Loss attributable to:			
Owners of the Company		(62,159)	(95,227)
Non-controlling interests		(1)	(37)
		(62,160)	(95,264)
Total comprehensive expense attributable to:			
Owners of the Company		(59,577)	(116,133)
Non-controlling interests		3	(45)
		(59,574)	(116,178)
Loss per share	7		
– Basic (HK cents)		(70.89)	(108.68)
– Diluted (HK cents)		(70.89)	(108.68)

Unaudited Condensed Consolidated Statement of Financial Position

As at September 30, 2024

	NOTES	As at September 30, 2024 HK\$'000 (Unaudited)	As at March 31, 2024 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	8	234,887	240,789
Right-of-use assets	8	2,610	3,953
Investment property	8	9,424	10,231
Club debentures		2,001	2,001
Interest in an associate		–	–
Financial assets measured at fair value through other comprehensive income (“FVTOCI”)		–	–
Long-term deposits		2,608	2,622
Deferred tax assets	9	483	485
Total non-current assets		252,013	260,081
Current assets			
Inventories		476,178	707,663
Trade receivables	10	777,525	816,508
Other receivables, deposits and prepayments		3,959	7,845
Amounts due from related companies	12	–	167
Income tax recoverable		4,203	8,708
Cash and cash equivalents		56,759	68,851
Total current assets		1,318,624	1,609,742
Total assets		1,570,637	1,869,823

Unaudited Condensed Consolidated Statement of Financial Position

As at September 30, 2024

	NOTES	As at September 30, 2024 HK\$'000 (Unaudited)	As at March 31, 2024 HK\$'000 (Audited)
Current liabilities			
Trade payables	14	333,283	735,772
Other payables		15,529	33,356
Contract liabilities		782	3,551
Amounts due to related companies	12	20	–
Income tax payable		976	784
Trust receipt loans	15	174,579	268,246
Bank borrowings	16	449,901	297,210
Lease liabilities		1,898	2,354
Loans from the ultimate holding company	17	133,038	–
Total current liabilities		<u>1,110,006</u>	<u>1,341,273</u>
Net current assets		<u>208,618</u>	<u>268,469</u>
Total assets less current liabilities		<u>460,631</u>	<u>528,550</u>
Capital, reserves and non-controlling interests			
Share capital	18	87,692	87,622
Reserves		355,492	414,864
Equity attributable to owners of the Company		443,184	502,486
Non-controlling interests		–	89
Total equity		<u>443,184</u>	<u>502,575</u>
Non-current liabilities			
Deferred tax liabilities	9	16,743	24,335
Lease liabilities		704	1,640
Total non-current liabilities		<u>17,447</u>	<u>25,975</u>
Total liabilities and equity		<u>1,570,637</u>	<u>1,869,823</u>

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended September 30, 2024

	Attributable to owners of the Company										
	Share capital HK\$'000	Capital reserves HK\$'000 (Note i)	Statutory reserve HK\$'000 (Note ii)	Property revaluation reserve HK\$'000	Currency translation reserve HK\$'000	Financial assets measured at FVTOCI reserve HK\$'000	Other reserve HK\$'000 (Note iii)	Accumulated profits HK\$'000	Subtotal HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At April 1, 2023 (Audited)	87,622	199,780	28,771	125,090	(5,355)	(16,448)	(3,561)	274,651	690,550	66	690,616
Total comprehensive expense for the period:											
Loss for the period	-	-	-	-	-	-	-	(95,227)	(95,227)	(37)	(95,264)
Other comprehensive expense for the period	-	-	-	-	(20,906)	-	-	-	(20,906)	(8)	(20,914)
Total	-	-	-	-	(20,906)	-	-	(95,227)	(116,133)	(45)	(116,178)
Transactions with owners, recognised directly in equity:											
Capital contribution from non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	102	102
Share options forfeited	-	(85)	-	-	-	-	-	85	-	-	-
Transfer of statutory reserve	-	-	319	-	-	-	-	(319)	-	-	-
Total	-	(85)	319	-	-	-	-	(234)	-	102	102
At September 30, 2023 (Unaudited)	87,622	199,695	29,090	125,090	(26,261)	(16,448)	(3,561)	179,190	574,417	123	574,540
At April 1, 2024 (Audited)	87,622	199,028	26,175	113,581	(18,814)	(16,448)	(3,561)	114,903	502,486	89	502,575
Total comprehensive expense for the period:											
Loss for the period	-	-	-	-	-	-	-	(62,159)	(62,159)	(1)	(62,160)
Other comprehensive income for the period	-	-	-	-	2,582	-	-	-	2,582	4	2,586
Total	-	-	-	-	2,582	-	-	(62,159)	(59,577)	3	(59,574)
Transactions with owners, recognised directly in equity:											
Capital contribution from non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	-	-
Dissolution of subsidiaries	-	-	-	-	6	-	86	-	92	(92)	-
Exercise of share options	70	113	-	-	-	-	-	-	183	-	183
Share options forfeited	-	(503)	-	-	-	-	-	503	-	-	-
Transfer of statutory reserve	-	-	125	-	-	-	-	(125)	-	-	-
Total	70	(390)	125	-	6	-	86	378	275	(92)	183
At September 30, 2024 (Unaudited)	87,692	198,638	26,300	113,581	(16,226)	(16,448)	(3,475)	53,122	443,184	-	443,184

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended September 30, 2024

Notes:

- (i) Capital reserves comprise share premium, contributed surplus and share options reserve. Contributed surplus represents the difference between the underlying net tangible assets of the subsidiaries which were acquired by the Company at the date of the group reorganisation in 2001 and the nominal amount of the shares issued by the Company under the reorganisation.
- (ii) The statutory reserve is non-distributable and was appropriated from profit after tax of the Company's subsidiaries in the People's Republic of China (the "PRC") and Taiwan under the respective laws and regulations of the PRC and Taiwan.
- (iii) Other reserve comprises a debit amount of HK\$3,475,000 and represents the difference between the fair value of the consideration paid and the carrying amount of the net assets attributable to the additional interest in certain then subsidiaries acquired during the year ended March 31, 2017.

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended September 30, 2024

	For the six months ended September 30,	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(199,022)	(58,595)
Net cash from (used in) investing activities		
Purchase of property, plant and equipment	(124)	(2,159)
Proceeds from disposal of property, plant and equipment	444	–
	320	(2,159)
Net cash from (used in) financing activities		
Capital contribution from non-controlling interests of a subsidiary	–	102
Proceeds from exercise of share options	183	–
Repayments of trust receipt loans	(615,610)	(1,151,840)
Proceeds from trust receipt loans	523,065	952,984
Repayments of bank borrowings	(636,499)	(441,026)
Proceeds from bank borrowings	785,724	449,633
Proceeds from loans from the ultimate holding company	133,038	–
Repayments of lease liabilities	(1,475)	(4,299)
	188,426	194,446
Net decrease in cash and cash equivalents	(10,276)	(255,200)
Cash and cash equivalents at beginning of the period	68,851	317,230
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(1,816)	(4,030)
Cash and cash equivalents at end of the period	56,759	58,000

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended September 30, 2024

1. BASIS OF PREPARATION

Willas-Array Electronics (Holdings) Limited (the “Company”) was incorporated in Bermuda on August 3, 2000 as an exempted company with limited liability under the Companies Act 1981 of Bermuda with its registered office at Victoria Place, 5/F, 31 Victoria Street, Hamilton HM10, Bermuda. Its principal place of business is located at 24/F, Wyler Centre, Phase 2, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong. The issued ordinary shares of the Company are listed and traded on the Main Board of Singapore Exchange Securities Trading Limited and the Main Board of The Stock Exchange of Hong Kong Limited. The condensed consolidated financial statements 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*” (“IAS 34”) 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 Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended March 31, 2024, except for the adoption of the following revised International Financial Reporting Standards (“IFRSs”) for the first time for the current period’s financial statements.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the “2020 Amendments”)
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> (the “2022 Amendments”)
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended September 30, 2024

2. PRINCIPAL ACCOUNTING POLICIES – continued

The nature and impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at April 1, 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial statements.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended September 30, 2024

3. REVENUE AND SEGMENT INFORMATION

A. Disaggregation of revenue from contracts with customers

	For the six months ended September 30,	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Types of goods or service:		
Sales of electronic components	1,189,829	1,359,457
Market segments of the customers:		
Industrial	314,869	280,374
Automotive	305,183	401,408
Home appliance	211,852	248,815
Electronic manufacturing services	102,598	125,361
Dealer	92,261	79,786
Audio and video	82,852	83,654
Telecommunications	48,630	92,433
Lighting	20,448	33,442
Others	11,136	14,184
Total	1,189,829	1,359,457

In addition, the Group's disaggregation of revenue by geographical market is disclosed in Note 3(B).

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended September 30, 2024

3. REVENUE AND SEGMENT INFORMATION – continued

B. Segment information

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

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

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

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

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

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended September 30, 2024

3. REVENUE AND SEGMENT INFORMATION – continued

B. Segment information – continued

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

Six months ended September 30, 2024 (Unaudited)

	Trading of electronic components				Elimination HK\$'000	Total HK\$'000
	Southern China Region HK\$'000	Northern China Region HK\$'000	Taiwan HK\$'000	Sub-total HK\$'000		
Revenue						
Sales – external	570,519	587,043	32,267	1,189,929	–	1,189,929
Sales – inter-company	285,322	280,889	881	567,092	(567,092)	–
	855,841	867,932	33,148	1,756,921	(567,092)	1,189,929
Cost of sales	(846,733)	(857,214)	(29,041)	(1,732,988)	(567,092)	(1,165,896)
Gross profit/segment results	9,108	10,718	4,107	23,933	–	23,933
Other income						1,118
Distribution costs						(11,074)
Administrative expenses						(68,982)
Other gains and losses						(3,239)
Impairment losses reversed under ECL model, net						6,381
Loss on fair value change of investment property						(808)
Finance costs						(17,724)
Loss before tax						(70,395)
Income tax credit						8,235
Loss for the period						(62,160)
Loss attributable to non-controlling interests						1
Loss attributable to owners of the Company						(62,159)

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended September 30, 2024

3. REVENUE AND SEGMENT INFORMATION – continued

B. Segment information – continued

Six months ended September 30, 2023 (Unaudited)

	Trading of electronic components					Total HK\$'000
	Southern China Region HK\$'000	Northern China Region HK\$'000	Taiwan HK\$'000	Sub-total HK\$'000	Elimination HK\$'000	
Revenue						
Sales – external	586,451	729,982	43,024	1,359,457	–	1,359,457
Sales – inter-company	378,190	327,837	–	706,027	(706,027)	–
	964,641	1,057,819	43,024	2,065,484	(706,027)	1,359,457
Cost of sales	(941,354)	(1,024,417)	(37,732)	(2,003,503)	706,027	(1,297,476)
Gross profit/segment results	<u>23,287</u>	<u>33,402</u>	<u>5,292</u>	<u>61,981</u>	<u>–</u>	<u>61,981</u>
Other income						1,389
Distribution costs						(11,201)
Administrative expenses						(91,402)
Other gains and losses						(16,061)
Impairment losses recognised under ECL model, net						(8,388)
Loss on fair value change of Investment property						(1,386)
Finance costs						(31,644)
Loss before tax						(96,712)
Income tax credit						1,448
Loss for the period						(95,264)
Loss attributable to non-controlling interests						37
Loss attributable to owners of the Company						(95,227)

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.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended September 30, 2024

4. INCOME TAX CREDIT

	For the six months ended September 30,	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
The income tax credit comprises:		
Current tax:		
– Hong Kong	142	139
– PRC Enterprise Income Tax (the “EIT”)	84	963
– Taiwan	668	75
	<u>894</u>	<u>1,177</u>
(Over) under provision in respect of prior period:		
– PRC EIT	(1,414)	70
– Taiwan	(43)	10
	<u>(1,457)</u>	<u>80</u>
Deferred tax:		
– Credit to the period (Note 9)	(7,672)	(2,705)
	<u>(8,235)</u>	<u>(1,448)</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 30, 2024 and 2023.

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% (2023: 25%). The tax rate of the Taiwan subsidiary is 20% (2023: 20%).

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended September 30, 2024

5. LOSS FOR THE PERIOD

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

	For the six months ended September 30,	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories recognised as expenses (<i>Note i</i>)	1,165,896	1,297,476
Depreciation of property, plant and equipment	6,707	7,546
Depreciation of right-of-use assets	1,350	4,055
Directors' emoluments (<i>Note ii</i>)	1,770	2,974
Gain on disposal of property, plant and equipment	(77)	–
Audit fees		
Paid to auditor of the Company	381	381
Paid to other auditors	998	1,003
Non-audit fees		
Paid to auditor of the Company	115	115
Paid to other auditors	473	409
Staff costs (excluding directors' emoluments) (<i>Note ii</i>)	44,017	54,860
Net foreign exchange loss	3,316	15,431
Net loss on fair value changes of derivative financial instruments	–	630
Interest income from bank deposits	(272)	(966)
Interest expense on borrowings	17,646	31,481

Notes:

- (i) During the six months ended September 30, 2024, the amount included allowance for inventories amounting to HK\$49,846,000 (2023: HK\$36,955,000).
- (ii) During the six months ended September 30, 2024, cost of defined contribution plans amounting to HK\$7,155,000 (2023: HK\$8,558,000), was included in staff costs and directors' emoluments.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended September 30, 2024

6. DIVIDEND

No dividend was declared and paid during the six months ended September 30, 2024 and 2023.

The board of directors of the Company has resolved not to declare any interim dividend for the six months ended September 30, 2024 (2023: nil).

7. LOSS PER SHARE

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

	For the six months ended September 30,	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Loss		
Loss for the purposes of basic and diluted loss per share (loss for the period attributable to owners of the Company)	(62,159)	(95,227)

	For the six months ended September 30,	
	2024 '000 (Unaudited)	2023 '000 (Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	87,683	87,622
Effect of dilutive potential ordinary shares: Share options	—	—
Weighted average number of ordinary shares for the purpose of diluted loss per share	87,683	87,622

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended September 30, 2024

7. LOSS PER SHARE – continued

The computation of diluted loss per share for the six months ended September 30, 2024 and 2023 did not assume the exercise of share options granted by the Company since their assumed exercise would result in a decrease in loss per share for the periods.

8. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTY

During the current interim period, the Group paid HK\$124,000 (2023: HK\$2,159,000) on the acquisition of property, plant and equipment. No disposal of property, plant and equipment was made during the 6 months ended September 30, 2023. During the 6 months ended September 30, 2024, the Group disposed of certain property, plant and equipment with carrying amount of HK\$367,000, resulting in a gain of HK\$77,000.

During the current interim period, the Group did not enter into, renew or terminate any lease agreement (2023: the Group renewed lease agreements for the use of offices and staff quarter for two years).

The Group's owned properties classified as property, plant and equipment were revalued to fair value. The Group's owned properties were reassessed by the directors of the Company. In the opinion of the directors of the Company, the carrying amount of owned properties at the end of current interim period does not differ significantly from their estimated fair values. Consequently, no increase/decrease in fair value of the Group's owned properties has been recognised in property revaluation reserve for the periods ended September 30, 2024 and 2023.

The investment property was measured at fair value on September 30, 2024 based on a valuation performed by Assets Appraisal Limited, an independent valuer not connected with the Group who has appropriate qualifications and recent experience in the fair value measurement of properties in the relevant location. A fair value loss of HK\$808,000 (2023: loss of HK\$1,386,000) was recognised in profit or loss for the current interim period.

The valuation of properties, which falls under level 3 of the fair value hierarchy, has been arrived at by using direct comparison method that reflects recent transaction prices for similar properties.

In estimating the fair value, the highest and best use of properties is their current use. The key inputs used in valuing the properties is market unit rate taking into account the recent transaction prices for comparable properties and adjusted for differences in the location, view, floor area, lot size, age and condition of properties and timing of comparable transactions. A significant increase in the adjusted market price used would result in a significant increase in the fair value and vice versa.

There were no transfers into or out of level 3 during the period.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended September 30, 2024

9. DEFERRED TAX

For the purposes of condensed consolidated statement of financial position presentation, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for condensed consolidated statement of financial position purposes:

	As at September 30, 2024 HK\$'000 (Unaudited)	As at March 31, 2024 HK\$'000 (Audited)
Deferred tax assets	483	485
Deferred tax liabilities	<u>(16,743)</u>	<u>(24,335)</u>
	<u>(16,260)</u>	<u>(23,850)</u>

10. TRADE RECEIVABLES

	As at September 30, 2024 HK\$'000 (Unaudited)	As at March 31, 2024 HK\$'000 (Audited)
Trade receivables	790,756	836,007
Less: allowance for credit losses	<u>(13,231)</u>	<u>(19,499)</u>
	<u>777,525</u>	<u>816,508</u>

As at September 30, 2024, total bills received amounting to HK\$181,069,000 (March 31, 2024: HK\$95,878,000) are held by the Group for future settlement of trade receivables.

All bills received by the Group are with a maturity period of less than one year.

The Group allows a credit period of 30 to 120 days (March 31, 2024: 30 to 120 days) to its trade customers.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended September 30, 2024

10. TRADE RECEIVABLES – continued

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

	As at September 30, 2024 HK\$'000 (Unaudited)	As at March 31, 2024 HK\$'000 (Audited)
Within 60 days	542,548	470,443
61 to 90 days	105,225	115,617
Over 90 days	129,752	230,448
	777,525	816,508

11. IMPAIRMENT LOSSES (REVERSED) RECOGNISED UNDER EXPECTED CREDIT LOSS MODEL, NET

	For the six months ended September 30,	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Impairment losses (reversed) recognised on:		
Trade receivables	(6,381)	9,568
Amount due from an associate (Note 18(a))	–	(1,180)
	(6,381)	8,388

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended September 30, 2024 are the same as those followed in the preparation of the Group's annual financial statements for the year ended March 31, 2024.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended September 30, 2024

12. AMOUNTS DUE (TO) FROM RELATED COMPANIES

	As at September 30, 2024 HK\$'000 (Unaudited)	As at March 31, 2024 HK\$'000 (Audited)
Trade balance (Note)	(20)	167

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

The transactions with the above related companies are disclosed in Note 20(b).

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

13. TRANSFER OF FINANCIAL ASSETS

The following were the Group's trade receivables as at September 30, 2024 and March 31, 2024 that were transferred to banks by discounting those trade receivables and bills received on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing amounting to HK\$258,196,000 (March 31, 2024: HK\$142,481,000).

As at September 30, 2024 (Unaudited)

	Trade receivables discounted to banks with full recourse HK\$'000	Bills received discounted to banks with full recourse HK\$'000	Total HK\$'000
Carrying amount of transferred assets	115,128	161,711	276,839
Carrying amount of associated liabilities	(96,485)	(161,711)	(258,196)
Net position	18,643	–	18,643

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended September 30, 2024

13. TRANSFER OF FINANCIAL ASSETS – continued

As at March 31, 2024 (Audited)

	Trade receivables discounted to banks with full recourse HK\$'000	Bills received discounted to banks with full recourse HK\$'000	Total HK\$'000
Carrying amount of transferred assets	102,391	60,443	162,834
Carrying amount of associated liabilities	(82,038)	60,443	(142,481)
Net position	20,353	–	20,353

Finance costs recognised for trade receivables and bills received discounted to banks for the period ended September 30, 2024 are HK\$1,731,000 and HK\$1,392,000 (2023: HK\$2,302,000 and nil), respectively, which are included in interest on bank borrowings and trust receipt loans.

14. TRADE PAYABLES

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

	As at September 30, 2024 HK\$'000 (Unaudited)	As at March 31, 2024 HK\$'000 (Audited)
Within 30 days	305,602	546,609
31 to 60 days	27,678	189,163
61 to 90 days	3	–
	333,283	735,772

As at September 30, 2024, HK\$373,010,000 (March 31, 2024: HK\$411,567,000) of trade payables are eligible for the Group to obtain the trust receipt loans from the banks for settlement of trade payables to the vendors.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended September 30, 2024

15. TRUST RECEIPT LOANS

The trust receipts loans were drawn down by the Group from the banks for settlement of its trade payables. During the period ended September 30, 2024, gross amount of HK\$523,065,000 (2023: HK\$952,984,000) trade payables have been settled through the trust receipt loans provided by the banks. During the period ended September 30, 2024, gross amount of HK\$615,610,000 (2023: HK\$1,151,840,000) trust receipt loans have been repaid to banks.

The trust receipt loans are unsecured, bear fixed-rates with weighted average effective interest rate of 7.40% (March 31, 2024: 7.89%) per annum, and are repayable within one year.

At September 30, 2024, the Group's trust receipt loans with carrying amount of nil (March 31, 2024: nil) are required to comply with loan covenants to maintain certain amount of the Group's net tangible assets. The Group has complied with the loan covenants for the period ended September 30, 2024 and the year ended March 31, 2024.

16. BANK BORROWINGS

During the current interim period, the Group obtained new bank loans of HK\$785,724,000 (2023: HK\$449,633,000).

In addition, the Group repaid bank loans of HK\$636,499,000 (2023: HK\$441,026,000) during the current interim period.

At September 30, 2024, the Group's bank borrowings with carrying amount of HK\$ nil (March 31, 2024: nil) are required to comply with certain loan covenants. The Group has complied with the loan covenants for the period ended September 30, 2024 and the year ended March 31, 2024.

The weighted average effective interest rates (which are also equal to contracted interest rates) on the Group's bank borrowings are as follows:

	As at September 30, 2024 (Unaudited)	As at March 31, 2024 (Audited)
Weighted average effective interest rate:		
– fixed-rate borrowings	3.20%	3.73%
– variable-rate borrowings	6.20%	6.72%

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended September 30, 2024

17. LOANS FROM THE ULTIMATE HOLDING COMPANY

Shanghai YCT, the controlling shareholder of the Company, granted two loans of RMB70,000,000 and RMB50,000,000 to the Company's wholly-owned subsidiaries on September 29, 2024, aggregating RMB120,000,000. These loans are unsecured and repayable in one year. The effective interest rate of these loans is 6.8% per annum.

18. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$1.0 each		
Authorised:		
At April 1, 2023 (Audited), September 30, 2023 (Unaudited), April 1, 2024 (Audited) and September 30, 2024 (Unaudited)	120,000	120,000
Issued and paid up:		
At April 1, 2023 (Audited) and September 30, 2023 (Unaudited) and April 1, 2024 (Audited)	87,622	87,622
Exercise of share options	70	70
At September 30, 2024 (Unaudited)	87,692	87,692

19. SHARE-BASED PAYMENTS

The Company 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. Details of the share options schemes and fair value measurement of share options were disclosed in the Group's annual financial statements for the year ended March 31, 2024.

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

During the current interim period, share options holders under ESOS III exercised part of their share options and subscribed for 70,000 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 options were exercised was HK\$3.18 per share.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended September 30, 2024

19. SHARE-BASED PAYMENTS – continued

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

	Number of share options
Outstanding at April 1, 2023 (Audited)	1,867,000
Forfeited during the period	<u>(115,000)</u>
Outstanding at September 30, 2023 (Unaudited)	1,752,000
Forfeited during the period	<u>(739,500)</u>
Outstanding at April 1, 2024 (Audited)	1,012,500
Forfeited during the period	(595,500)
Exercised during the period	<u>(70,000)</u>
Outstanding at September 30, 2024 (Unaudited)	<u>347,000</u>

During the six months ended September 30, 2024 and 2023, no share-based payment expense was recognised in profit or loss.

20. RELATED COMPANY TRANSACTIONS

(a) Transactions and balances with an associate

At the end of the reporting period, the Group has the following balances with its associate:

	As at September 30, 2024 HK\$'000 (Unaudited)	As at March 31, 2024 HK\$'000 (Audited)
Associate		
– Other receivables	532	532
Less: allowance for credit losses	<u>(532)</u>	<u>(532)</u>
	<u>–</u>	<u>–</u>

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

During the six months ended September 30, 2024, reversal of impairment losses on amount due from an associate of nil (2023: reversal of impairment losses of HK\$1,180,000) has been recognised. The management are of the opinion that the receivables are not probable to recover and, accordingly, has made a full provision for them.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended September 30, 2024

20. RELATED COMPANY TRANSACTIONS – continued

(b) Transactions and balances with related companies

Saved as those disclosed elsewhere in these condensed consolidated financial statements, the Group has the following transactions with its related companies during the year:

	For the six months ended September 30,	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Received from entities controlled by a controlling shareholder of the Company		
– Sales of electronic components	2,725	–
– Rental income	276	–
Paid to entities controlled by a controlling shareholder of the Company		
– Purchases of electronic components	209	–
– Interest expense	50	–

(c) Compensation of directors and key management personnel

The emoluments of directors and other members of key management during the six months ended September 30, 2024 and 2023 are as follows:

	For the six months ended September 30,	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Short-term benefits	3,424	5,811
Post-employment benefits	140	420
	3,564	6,231

The emoluments of directors and key management are determined by the remuneration committee having regard to the performance of individuals and market trends.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended September 30, 2024

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurements and valuation process

In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the management of the Company determines the fair value by reference to the valuation carried out as of the end of reporting period by banks and financial institutions for foreign currency forward contracts.

The fair values of financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable:

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended September 30, 2024

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS – continued

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

The management of the Group reports the findings to the directors of the Company every half year to explain the cause of fluctuations in the fair value of the financial assets and financial liabilities.

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	September 30, 2024 (Unaudited)	March 31, 2024 (Audited)				
Derivative financial instruments – Foreign exchange forward contracts	Assets-nil	Assets-nil	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
	Liabilities-nil	Liabilities-nil				

There were no transfers between the different levels of the fair value hierarchy during the six months ended September 30, 2024.

The directors of the Company consider that the carrying amounts of financial assets and liabilities recognised in the condensed consolidated financial statements at amortised costs approximate their fair values.



WILLAS-ARRAY

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