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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, 2024**

FINANCIAL HIGHLIGHTS

| | For the year ended March 31, | | Change % |
|--|---|--------------------------|---------------------|
| | 2024 HK\$'000 | 2023 HK\$'000 | |
| Revenue | 2,664,883 | 3,135,433 | -15.0 |
| Gross profit | 100,397 | 278,677 | -64.0 |
| (Loss) profit before tax | (170,004) | 4,343 | NM |
| (Loss) profit attributable to owners of the Company | (169,223) | 2,716 | NM |
| Basic (loss) earnings per share (HK cents) | (193.13) | 3.11 | NM |
| NM – Not Meaningful | | | |

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, 2024, together with the comparative figures for the year ended March 31, 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended March 31, 2024

| | | 2024 | 2023 | Change |
|---|--------------|---------------------------|--------------------|---------------|
| | <i>NOTES</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>%</i> |
| Revenue | 3 | 2,664,883 | 3,135,433 | -15.0 |
| Cost of sales | | <u>(2,564,486)</u> | <u>(2,856,756)</u> | -10.2 |
| Gross profit | | 100,397 | 278,677 | -64.0 |
| Other income | | 2,168 | 10,534 | -79.4 |
| Distribution costs | | (22,591) | (28,896) | -21.8 |
| Administrative expenses | | (171,586) | (183,183) | -6.3 |
| Other gains and losses | | (17,254) | (30,915) | -44.2 |
| Impairment losses (recognised) reversed under expected credit loss (“ECL”) model, net | | (7,820) | 881 | NM |
| (Loss) gain on fair value change of investment property | | (715) | 995 | NM |
| Finance costs | | <u>(52,603)</u> | <u>(43,750)</u> | +20.2 |
| (Loss) profit before tax | | (170,004) | 4,343 | NM |
| Income tax credit (expense) | 4 | <u>707</u> | <u>(1,641)</u> | NM |
| (Loss) profit for the year | 5 | <u>(169,297)</u> | <u>2,702</u> | NM |

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

For the year ended March 31, 2024

| | NOTE | 2024 HK\$'000 | 2023 HK\$'000 | Change % |
|---|------|------------------|------------------|-------------|
| Other comprehensive (expense) income | | | | |
| <i>Items that will not be reclassified to profit or loss:</i> | | | | |
| – (Loss) gain on revaluation of owned properties | | (7,030) | 3,879 | NM |
| – Income tax relating to loss (gain) recognised in other comprehensive income | | <u>1,648</u> | <u>(509)</u> | NM |
| | | <u>(5,382)</u> | <u>3,370</u> | NM |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | | |
| – Exchange differences arising from translation of foreign operations | | <u>(13,464)</u> | <u>(26,952)</u> | –50 |
| Other comprehensive expense for the year | | <u>(18,846)</u> | <u>(23,582)</u> | –20.1 |
| Total comprehensive expense for the year | | <u>(188,143)</u> | <u>(20,880)</u> | NM |
| (Loss) profit attributable to: | | | | |
| Owners of the Company | | (169,223) | 2,716 | NM |
| Non-controlling interests | | <u>(74)</u> | <u>(14)</u> | NM |
| | | <u>(169,297)</u> | <u>2,702</u> | NM |
| Total comprehensive expense attributable to: | | | | |
| Owners of the Company | | (188,064) | (20,867) | NM |
| Non-controlling interests | | <u>(79)</u> | <u>(13)</u> | NM |
| | | <u>(188,143)</u> | <u>(20,880)</u> | NM |
| (Loss) earnings per share | 13 | | | |
| – Basic (HK cents) | | <u>(193.13)</u> | <u>3.11</u> | NM |
| – Diluted (HK cents) | | <u>(193.13)</u> | <u>3.10</u> | NM |

NM – Not Meaningful

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2024

| | <i>NOTES</i> | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| Non-current assets | | | |
| Property, plant and equipment | 6 | 240,789 | 265,418 |
| Right-of-use assets | | 3,953 | 11,859 |
| Investment property | | 10,231 | 10,946 |
| Club debentures | | 2,001 | 2,001 |
| Interest in an associate | | – | – |
| Financial assets measured at fair value through other comprehensive income ("FVTOCI") | | – | – |
| Long-term deposits | | 2,622 | 4,044 |
| Deferred tax assets | | 485 | 505 |
| | | <hr/> | <hr/> |
| Total non-current assets | | 260,081 | 294,773 |
| Current assets | | | |
| Inventories | | 707,663 | 586,266 |
| Trade receivables | 7 | 816,508 | 806,043 |
| Other receivables, deposits and prepayments | | 7,845 | 6,425 |
| Amounts due from related companies | | 167 | – |
| Income tax recoverable | | 8,708 | 6,304 |
| Derivative financial instruments | | – | 748 |
| Cash and cash equivalents | | 68,851 | 317,230 |
| | | <hr/> | <hr/> |
| Total current assets | | 1,609,742 | 1,723,016 |
| | | <hr/> | <hr/> |
| Total assets | | 1,869,823 | 2,017,789 |
| | | <hr/> <hr/> | <hr/> <hr/> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – continued

As at March 31, 2024

| | <i>NOTES</i> | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| Current liabilities | | | |
| Trade payables | 9 | 735,772 | 385,665 |
| Other payables | | 33,356 | 36,638 |
| Contract liabilities | | 3,551 | 2,971 |
| Income tax payable | | 784 | 903 |
| Trust receipt loans | | 268,246 | 658,108 |
| Bank borrowings | | 297,210 | 200,469 |
| Derivative financial instruments | | – | 66 |
| Lease liabilities | | <u>2,354</u> | <u>8,110</u> |
| Total current liabilities | | <u>1,341,273</u> | <u>1,292,930</u> |
| Net current assets | | <u>268,469</u> | <u>430,086</u> |
| Total assets less current liabilities | | <u>528,550</u> | <u>724,859</u> |
| Capital, reserves and non-controlling interests | | | |
| Share capital | 10 | 87,622 | 87,622 |
| Reserves | | <u>414,864</u> | <u>602,928</u> |
| Equity attributable to owners of the Company | | 502,486 | 690,550 |
| Non-controlling interests | | <u>89</u> | <u>66</u> |
| Total equity | | <u>502,575</u> | <u>690,616</u> |
| Non-current liabilities | | | |
| Deferred tax liabilities | | 24,335 | 30,153 |
| Lease liabilities | | <u>1,640</u> | <u>4,090</u> |
| Total non-current liabilities | | <u>25,975</u> | <u>34,243</u> |
| Total liabilities and equity | | <u><u>1,869,823</u></u> | <u><u>2,017,789</u></u> |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2024

| | 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 |
| | | | | | | | | | | | |
| | | (Note i) | (Note ii) | | | | (Note iii) | | | | |
| 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 (Note 12) | - | - | - | - | - | - | - | (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 | <u>87,622</u> | <u>199,780</u> | <u>28,771</u> | <u>125,090</u> | <u>(5,355)</u> | <u>(16,448)</u> | <u>(3,561)</u> | <u>274,651</u> | <u>690,550</u> | <u>66</u> | <u>690,616</u> |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – continued

For the year ended March 31, 2024

| | 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 |
| | HK\$'000 | HK\$'000 <i>(Note i)</i> | HK\$'000 <i>(Note ii)</i> | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 <i>(Note iii)</i> | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At April 1, 2023 | 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 year: | | | | | | | | | | | |
| Loss for the year | - | - | - | - | - | - | - | (169,223) | (169,223) | (74) | (169,297) |
| Other comprehensive expense for the year | - | - | - | (5,382) | (13,459) | - | - | - | (18,841) | (5) | (18,846) |
| Total | - | - | - | (5,382) | (13,459) | - | - | (169,223) | (188,064) | (79) | (188,143) |
| Transactions with owners, recognised directly in equity: | | | | | | | | | | | |
| Capital contribution from non-controlling interests of a subsidiary | - | - | - | - | - | - | - | - | - | 102 | 102 |
| Share options forfeited | - | (752) | - | - | - | - | - | 752 | - | - | - |
| Transfer from property revaluation reserve | - | - | - | (6,127) | - | - | - | 6,127 | - | - | - |
| Transfer of statutory reserve | - | - | (2,596) | - | - | - | - | 2,596 | - | - | - |
| Total | - | (752) | (2,596) | (6,127) | - | - | - | 9,475 | - | 102 | 102 |
| At March 31, 2024 | 87,622 | 199,028 | 26,175 | 113,581 | (18,814) | (16,448) | (3,561) | 114,903 | 502,486 | 89 | 502,575 |

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, 2024

| | 2024 HK\$'000 | 2023 HK\$'000 |
|---|------------------|------------------|
| Operating activities | | |
| (Loss) profit before tax | (170,004) | 4,343 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 14,657 | 14,975 |
| Depreciation of right-of-use assets | 7,928 | 7,944 |
| Interest expense on bank borrowings and trust receipt loans | 52,248 | 43,332 |
| Interest expense on lease liabilities | 355 | 418 |
| Allowance for (reversal of allowance for) inventories | 83,389 | (1,000) |
| Impairment losses recognised (reversed) under ECL model, net | 7,820 | (881) |
| Loss (gain) on disposal of property, plant and equipment | 1,740 | (206) |
| Loss (gain) on fair value change of investment property | 715 | (995) |
| Net loss (gain) on fair value changes of derivative financial instruments | 682 | (1,261) |
| Loss on lease modification | – | 37 |
| Loss on termination of leases, net | 252 | – |
| Unrealised exchange loss | 5,542 | 16,258 |
| Interest income | (1,223) | (3,475) |
| | <hr/> | <hr/> |
| Operating cash flows before movements in working capital | 4,101 | 79,489 |
| | | |
| Increase in inventories | (206,440) | (227,414) |
| (Increase) decrease in trade receivables | (36,705) | 26,354 |
| (Increase) decrease in other receivables, deposits and prepayments | (326) | 165 |
| Decrease in long-term deposits | 1,328 | 201 |
| Increase in amounts due from related companies | (167) | – |
| Increase in trade payables | 355,752 | 1,665 |
| Increase (decrease) in other payables | 1,158 | (7,153) |
| Increase (decrease) in contract liabilities | 642 | (6,368) |
| | <hr/> | <hr/> |
| Cash generated from (used in) operations | 119,343 | (133,061) |
| | | |
| Income tax paid | (5,466) | (14,806) |
| Interest paid | (55,708) | (39,738) |
| Interest received | 1,223 | 3,475 |
| | <hr/> | <hr/> |
| Net cash generated from (used in) operating activities | 59,392 | (184,130) |

CONSOLIDATED STATEMENT OF CASH FLOWS – continued

For the year ended March 31, 2024

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Investing activities | | |
| Purchase of property, plant and equipment | (5,123) | (4,905) |
| Withdrawal of restricted bank deposits | – | 2,299 |
| Proceeds from disposal of property, plant and equipment | <u>738</u> | <u>293</u> |
| Net cash used in investing activities | <u>(4,385)</u> | <u>(2,313)</u> |
| Financing activities | | |
| Capital contribution from non-controlling interests of a subsidiary | 102 | 79 |
| Dividend paid to shareholders | – | (63,964) |
| Proceeds from exercise of share options | – | 4,815 |
| Repayments of trust receipt loans | (1,909,213) | (2,538,255) |
| Proceeds from trust receipt loans | 1,521,523 | 2,709,448 |
| Repayments of bank borrowings | (885,213) | (745,811) |
| Proceeds from bank borrowings | 982,567 | 823,244 |
| Repayments of lease liabilities | <u>(8,850)</u> | <u>(8,004)</u> |
| Net cash (used in) generated from financing activities | <u>(299,084)</u> | <u>181,552</u> |
| Net decrease in cash and cash equivalents | (244,077) | (4,891) |
| Cash and cash equivalents at beginning of the year | 317,230 | 327,673 |
| Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies | <u>(4,302)</u> | <u>(5,552)</u> |
| Cash and cash equivalents at end of the year | <u><u>68,851</u></u> | <u><u>317,230</u></u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2024

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, 2024 are the same as those presented in the Group’s annual financial statements for the year ended March 31, 2023.

New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and 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, 2024 for the preparation of the Group’s consolidated financial statements:

| | |
|---|--|
| IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17) | Insurance Contracts |
| Amendments to IAS 8 | Definition of Accounting Estimates |
| Amendments to IAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| Amendments to IAS 12 | International Tax Reform-Pillar Two model Rules |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies |

The application of the new and 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, 2024

| | 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 | 1,165,985 | 1,421,428 | 77,470 | 2,664,883 | – | 2,664,883 |
| Sales – inter-company | 672,208 | 681,090 | 16 | 1,353,314 | (1,353,314) | – |
| | 1,838,193 | 2,102,518 | 77,486 | 4,018,197 | (1,353,314) | 2,664,883 |
| Cost of sales | (1,787,448) | (2,062,137) | (68,215) | (3,917,800) | 1,353,314 | (2,564,486) |
| Gross profit/segment results | 50,745 | 40,381 | 9,271 | 100,397 | – | 100,397 |
| Other income | | | | | | 2,168 |
| Distribution costs | | | | | | (22,591) |
| Administrative expenses | | | | | | (171,586) |
| Other gains and losses | | | | | | (17,254) |
| Impairment losses recognised under ECL model, net | | | | | | (7,820) |
| Loss on fair value change of investment property | | | | | | (715) |
| Finance costs | | | | | | (52,603) |
| Loss before tax | | | | | | (170,004) |
| Income tax credit | | | | | | 707 |
| Loss for the year | | | | | | (169,297) |
| Loss attributable to non-controlling interests | | | | | | (74) |
| Loss attributable to owners of the Company | | | | | | (169,223) |

3. SEGMENT INFORMATION – continued

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> | 278,677 |
| 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 | | | | | | <u>(43,750)</u> |
| Profit before tax | | | | | | 4,343 |
| Income tax expense | | | | | | <u>(1,641)</u> |
| Profit for the year | | | | | | 2,702 |
| Loss attributable to non-controlling interests | | | | | | <u>(14)</u> |
| Profit attributable to owners of the Company | | | | | | <u>2,716</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 (CREDIT) EXPENSE

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| The income tax (credit) expense comprises: | | |
| Current tax: | | |
| – Hong Kong | 387 | 4,438 |
| – PRC Enterprise Income Tax (“EIT”) | 1,248 | 3,644 |
| – Taiwan | 1,081 | 60 |
| – Taiwan withholding tax on dividends | 234 | 602 |
| | <u>2,950</u> | <u>8,744</u> |
| Under (over) provision in respect of prior year: | | |
| – Hong Kong | 1 | – |
| – PRC EIT | 11 | 323 |
| – Taiwan | 10 | (13) |
| | <u>22</u> | <u>310</u> |
| Deferred tax: | | |
| – Credit to the year | <u>(3,679)</u> | <u>(7,413)</u> |
| | <u><u>(707)</u></u> | <u><u>1,641</u></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, 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%).

5. (LOSS) PROFIT FOR THE YEAR

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

| | 2024 | 2023 |
|--|-----------------------------|-----------------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Cost of inventories recognised as expenses (<i>Note i</i>) | 2,564,486 | 2,856,756 |
| Depreciation of property, plant and equipment | 14,657 | 14,975 |
| Depreciation of right-of-use assets | 7,928 | 7,944 |
| Directors' emoluments (<i>Note ii</i>) | 5,067 | 7,841 |
| Loss (gain) on disposal of property, plant and equipment | 1,740 | (206) |
| Audit fees | | |
| Paid to auditor of the Company | 761 | 727 |
| Paid to other auditors | 2,056 | 2,020 |
| Non-audit fees | | |
| Paid to auditor of the Company | 230 | 220 |
| Paid to other auditors | 739 | 762 |
| Staff costs (excluding directors' emoluments) (<i>Note ii</i>) | 102,512 | 119,886 |
| Net foreign exchange loss | 14,580 | 32,382 |
| Net loss (gain) on fair value changes of derivative financial instruments | 682 | (1,261) |
| Interest income from bank deposits | (1,223) | (3,475) |
| Interest expense on borrowings | 52,248 | 43,332 |
| Impairment losses under ECL model recognised (reversed) on trade receivables | 9,000 | (881) |
| Government grant | (68) | (5,033) |
| | <u> </u> | <u> </u> |

Notes:

- (i) During the year ended March 31, 2024, the amount included allowance for inventories amounting to HK\$83,389,000 (2023: reversal of allowance amounting to HK\$1,000,000).
- (ii) During the year ended March 31, 2024, cost of defined contribution plans amounting to HK\$16,618,000 (2023: HK\$16,216,000) 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\$5,123,000 (2023: HK\$4,905,000). In addition, the Group disposed of certain property, plant and equipment with a carrying amount of HK\$2,478,000 (2023: HK\$87,000), resulting in a loss of HK\$1,740,000 (2023: gain of HK\$206,000).

7. TRADE RECEIVABLES

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|-----------------------------------|-------------------------|-------------------------|
| Trade receivables | 836,007 | 816,752 |
| Less: allowance for credit losses | <u>(19,499)</u> | <u>(10,709)</u> |
| | <u>816,508</u> | <u>806,043</u> |

The Group allows a credit period of 30 to 120 days (2023: 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:

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|----------------|-------------------------|-------------------------|
| Within 60 days | 470,443 | 560,204 |
| 61 to 90 days | 115,617 | 77,318 |
| Over 90 days | <u>230,448</u> | <u>168,521</u> |
| | <u>816,508</u> | <u>806,043</u> |

8. TRANSFER OF FINANCIAL ASSETS

As at March 31, 2024, the Group's trade receivables amounting to HK\$102,391,000 (2023: HK\$92,927,000) 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 secured borrowings amounting to HK\$142,481,000 (2023: HK\$80,874,000).

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:

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|----------------|-------------------------|-------------------------|
| Within 30 days | 546,609 | 257,580 |
| 31 to 60 days | <u>189,163</u> | <u>128,085</u> |
| | <u><u>735,772</u></u> | <u><u>385,665</u></u> |

10. SHARE CAPITAL

| | Number of shares <i>'000</i> | Share capital <i>HK\$'000</i> |
|---|------------------------------------|-------------------------------------|
| Ordinary shares of HK\$1.00 each | | |
| Authorised | | |
| At April 1, 2022, April 1, 2023 and March 31, 2024 | <u><u>120,000</u></u> | <u><u>120,000</u></u> |
| Issued and paid up | | |
| At April 1, 2022 | 85,777 | 85,777 |
| Exercise of share options | <u>1,845</u> | <u>1,845</u> |
| At March 31, 2023 and March 31, 2024 | <u><u>87,622</u></u> | <u><u>87,622</u></u> |

The Company has no treasury shares.

11. SHARE-BASED PAYMENTS

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

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

During the year ended March 31, 2024, share options holders under ESOS III did not exercise any of their share options nor subscribe for shares (2023: 1,845,000 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\$3.07 (2023: HK\$4.18) per share.

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

| | Number of share options |
|--|------------------------------------|
| Outstanding 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> |
| Outstanding share options for ordinary shares at April 1, 2023 | 1,867,000 |
| Forfeited during the year | <u>(854,500)</u> |
| Outstanding share options for ordinary shares at March 31, 2024 | <u><u>1,012,500</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, 2024 and 2023, no share-based payment expense was recognised in profit or loss.

12. DIVIDEND

| | 2024 | 2023 |
|--|----------|----------|
| | 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 |

No dividend was declared and paid during the year ended March 31, 2024.

The Board does not recommend the payment of a final dividend for the year ended March 31, 2024.

13. (LOSS) EARNINGS PER SHARE

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

| | Group Figures | | | |
|--|--------------------------|--------------------------|-------------------|---------------------|
| | 2024 | | 2023 | |
| | Basic HK\$'000 | Diluted HK\$'000 | Basic HK\$'000 | Diluted HK\$'000 |
| (Loss) profit attributable to owners of the Company | <u>(169,223)</u> | <u>(169,223)</u> | <u>2,716</u> | <u>2,716</u> |
| | No. of shares | No. of shares | No. of shares | No. of shares |
| Weighted average number of ordinary shares | 87,622,049 | 87,622,049 | 87,204,679 | 87,204,679 |
| Adjustment for dilutive potential ordinary shares | <u>–</u> | <u>N/A</u> | <u>–</u> | <u>420,910</u> |
| Weighted average number of ordinary shares used to compute (loss) earnings per share | <u>87,622,049</u> | <u>87,622,049</u> | <u>87,204,679</u> | <u>87,625,589</u> |
| (Loss) earnings per share (HK cents) | <u>(193.13)</u> | <u>(193.13)</u> | <u>3.11</u> | <u>3.10</u> |

The computation of diluted (loss) earnings per share for the years ended March 31, 2024 and 2023 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 | |
|--|----------------------|---------------|----------------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| 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>573.47</u> | <u>788.10</u> | <u>452.45</u> | <u>442.95</u> |

The net asset backing per ordinary share as at March 31, 2024 was based on a total of 87,622,049 (March 31, 2023: 87,622,049) issued ordinary shares.

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

As at March 31, 2024

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Non-current assets | | |
| Amount due from a subsidiary | 33,814 | 33,814 |
| Interests in subsidiaries | <u>177,255</u> | <u>170,532</u> |
| Total non-current assets | <u>211,069</u> | <u>204,346</u> |
| Current assets | | |
| Amounts due from subsidiaries | 197,391 | 190,402 |
| Deposits and prepayments | 167 | 112 |
| Income tax recoverable | 247 | – |
| Cash and cash equivalents | <u>261</u> | <u>4,932</u> |
| Total current assets | <u>198,066</u> | <u>195,446</u> |
| Total assets | <u><u>409,135</u></u> | <u><u>399,792</u></u> |
| Current liabilities | | |
| Amount due to a subsidiary | 5,013 | 2,747 |
| Other payables | 951 | 503 |
| Income tax payable | – | 51 |
| Financial guarantee liabilities | <u>6,723</u> | <u>8,367</u> |
| Total current liabilities | <u>12,687</u> | <u>11,668</u> |
| Net current assets | <u>185,379</u> | <u>183,778</u> |
| Total assets less current liabilities | <u>396,448</u> | <u>388,124</u> |
| Capital and reserves | | |
| Share capital | 87,622 | 87,622 |
| Reserves | <u>308,826</u> | <u>300,502</u> |
| Equity attributable to owners of the Company | <u>396,448</u> | <u>388,124</u> |
| Total liabilities and equity | <u><u>409,135</u></u> | <u><u>399,792</u></u> |

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

For the year ended March 31, 2024

| | 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, 2022 | <u>85,777</u> | <u>196,975</u> | <u>159,663</u> | <u>442,415</u> |
| 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 | <u>1,845</u> | <u>2,805</u> | <u>(63,799)</u> | <u>(59,149)</u> |
| At March 31, 2023 | <u>87,622</u> | <u>199,780</u> | <u>100,722</u> | <u>388,124</u> |
| Profit for the year, representing total comprehensive income for the year | – | – | 8,324 | 8,324 |
| Transactions with owners, recognised directly in equity: | | | | |
| Share options forfeited | – | (752) | 752 | – |
| Total | <u>–</u> | <u>(752)</u> | <u>752</u> | <u>–</u> |
| At March 31, 2024 | <u><u>87,622</u></u> | <u><u>199,028</u></u> | <u><u>109,798</u></u> | <u><u>396,448</u></u> |

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended March 31, 2024 (“FY2024”), the Group recorded a loss attributable to owners of the Company of HK\$169.2 million, compared to the net attributable profit of HK\$2.7 million posted in the preceding year ended March 31, 2023 (“FY2023”).

The weaker performance was attributed to: (i) a decline in the Group’s sales revenue as a result of weak demand, strong inflation and the high interest rate environment in FY2024; (ii) a decrease in gross margin due to severe price competition in the overall electronic components market, which has exerted pressure on our product margins; (iii) an increase in stock provision made for slow-moving inventories due to a slowdown in market demand in FY2024 as compared to FY2023 when there was reversal of allowance for inventory; (iv) net impairment losses recognised under expected credit loss on trade receivables in FY2024 as compared to FY2023 when there was reversal of impairment losses; and (v) an increase in finance costs mainly due to rising weighted average effective interest rate in FY2024 as compared to FY2023.

To balance the demand-supply dynamics, the Group actively reduced its own inventories by offering discounts in FY2024, which exerted short-term pressure on gross profit margin, resulting in a 5.1% year-on-year (“YOY”) decline to 3.8% in FY2024.

Excluding the stock provision of HK\$83.4 million, net impairment losses recognised under expected credit loss model of HK\$7.8 million, and a net exchange loss of HK\$14.6 million, the adjusted loss attributable to owners of the Company would have been HK\$63.4 million in FY2024.

Revenue

The weak bottom line was on the back of a 15.0% YOY decline in revenue to HK\$2,664.9 million as all the Group's segments reported weaker sales in FY2024, as compared to revenue of HK\$3,135.4 million in the preceding financial year.

Revenue by Market Segment Analysis

| | FY2024 | | FY2023 | | Increase/(Decrease) | |
|--------------------------|-------------------------|----------------------|-------------------------|----------------------|-------------------------|----------------------|
| | HK\$'000 | % | HK\$'000 | % | HK\$'000 | % |
| Automotive | 797,361 | 29.9% | 845,174 | 27.0% | (47,813) | -5.7% |
| Industrial | 595,831 | 22.4% | 758,243 | 24.2% | (162,412) | -21.4% |
| Home Appliance | 444,031 | 16.7% | 568,016 | 18.1% | (123,985) | -21.8% |
| Electronic Manufacturing | | | | | | |
| Services ("EMS") | 236,024 | 8.8% | 245,108 | 7.8% | (9,084) | -3.7% |
| Dealer | 182,734 | 6.8% | 183,190 | 5.8% | (456) | -0.2% |
| Telecommunications | 170,395 | 6.4% | 203,160 | 6.5% | (32,765) | -16.1% |
| Audio and Video | 157,594 | 5.9% | 191,876 | 6.1% | (34,282) | -17.9% |
| Lighting | 55,171 | 2.1% | 97,990 | 3.1% | (42,819) | -43.7% |
| Others | 25,742 | 1.0% | 42,676 | 1.4% | (16,934) | -39.7% |
| | <u>2,664,883</u> | <u>100.0%</u> | <u>3,135,433</u> | <u>100.0%</u> | <u>(470,550)</u> | <u>-15.0%</u> |

Automotive

The Automotive segment overtook the Industrial segment as the Group's largest revenue generator in FY2024, contributing sales of HK\$797.4 million during the year under review. Although this was a 5.7% decrease in revenue compared to FY2023, the Group still believes that this segment is worthy of investment and will continue to fully support its major customers and suppliers to further increase sales volume and capture a larger market share. The Group is mindful that the Automotive segment is currently undergoing a period of adjustment but believes that the Chinese government's goal to achieve net zero carbon emission will ensure its ongoing support for the development of new energy vehicles.

Industrial

Revenue from the Industrial segment declined 21.4% YOY to HK\$595.8 million in FY2024. The segment was affected by the sluggish export market and weakness in domestic demand in China. In view of this, the Group is closely monitoring changes in market conditions to ensure that inventory levels are consistent with demand.

Home Appliance

Revenue from the Home Appliance segment declined 21.8% YOY to HK\$444.0 million in FY2024. Demand for this segment was affected by significantly weaker exports as global demand for home appliances waned. Domestically, demand for home appliances was affected by the Chinese government's measures to cool its real estate market. Although there are signs of easing, it will take time for the market to respond. The Group will monitor the situation closely while ensuring that it maintains optimum inventory levels.

EMS

Revenue from the EMS segment declined 3.7% YOY to HK\$236.0 million in FY2024 mainly due to trade tensions that have weakened the export market.

Telecommunications

Revenue from the Telecommunication segment declined 16.1% YOY to HK\$170.4 million in FY2024 due to reduced consumer demand for mobile phones, which affected overall demand for smartphone components.

Audio and Video

The Audio-Visual segment's revenue fell 17.9% YOY to HK\$157.6 million in FY2024. This segment is expected to remain challenging and may take some time to return to normalcy.

Dealer

Revenue from the Dealer segment decrease by 0.2% YOY to HK\$182.7 million in FY2024. The segment's revenue contribution was affected by similar constraints faced by other segments, primarily due to weak demand for consumer electronics products.

Lighting

Revenue from the lighting segment declined 43.7% YOY to HK\$55.2 million, which reflected the weak demand in the consumer and commercial lighting markets.

Others

Revenue from the Others segment declined 39.7% YOY to HK\$25.7 million in FY2024 due to slower demand for personal computers, electronic toys and portable devices, reflecting softer market conditions in consumer spending. However, the rising application of Artificial Intelligence ("AI") across more devices is expected to spur new demand for electronic components, especially Micro Controller Units and energy management.

Gross Profit Margin

The Group's gross profit margin significantly narrowed to 3.8% in FY2024 from 8.9% in FY2023. The lower margin was mainly due to (i) intense competition among suppliers for market share, which resulted in price wars; (ii) the stock provision of HK\$83.4 million for slow-moving inventories.

Other Income

Other income decreased by HK\$8.4 million to HK\$2.2 million in FY2024 from HK\$10.5 million in FY2023, mainly due to decrease in interest income from bank deposits of HK\$2.3 million, the absence of non-recurring subsidy of HK\$2.8 million from the Hong Kong government's Employment Support Scheme and HK\$2.1 million tax rebate from the Chinese government, which was recognised in FY2023.

Distribution Costs

Distribution costs decreased by HK\$6.3 million in FY2024 to HK\$22.6 million in FY2024 from HK\$28.9 million in FY2023. The decrease was mainly due to lower sales incentive expenses.

Administrative Expenses

Administrative expenses decreased by HK\$11.6 million or 6.3% to HK\$171.6 million in FY2024 from HK\$183.2 million in FY2023. This was mainly due to the cost control and monitoring measures implemented by the Group .

Other Gains and Losses

Other losses of HK\$17.3 million were incurred in FY2024 (FY2023: HK\$30.9 million), due to foreign exchange loss mainly arising from the depreciation 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 Recognised (Reversed) Under Expected Credit Loss Model, Net

There was a recognition of net impairment losses of HK\$7.8 million in FY2024 (FY2023: Reversal of impairment losses of HK\$0.9 million), which was mainly due to the recognition of impairment losses on trade receivables, partly offset by a reversal of provision for impairment loss previously recognised on amount due from an associate.

Finance Costs

Finance costs, which comprises interest expenses on trust receipt loans and bank borrowings, and interest on lease liabilities, increased by HK\$8.9 million or 20.2% to HK\$52.6 million in FY2024 from HK\$43.8 million in FY2023. The increase in interest expenses was mainly due to the increase in the weighted average effective interest rate.

LIQUIDITY AND FINANCIAL RESOURCES

Financial Position

Trust receipt loans decreased by HK\$389.9 million to HK\$268.2 million as at March 31, 2024, from HK\$658.1 million as at March 31, 2023. The decrease was mainly due to repayments of trust receipt loans during the year under review.

Trade payables increased to HK\$735.8 million as at March 31, 2024, from HK\$385.7 million as at March 31, 2023. The increase was due to higher purchases towards the end of the financial year under review as compared to the corresponding period in FY2023.

Trade receivables increased by HK\$10.5 million to HK\$816.5 million as at March 31, 2024, from HK\$806.0 million as at March 31, 2023. The Group generally allows an average credit period of 30 to 120 days to its trade customers. The debtors turnover days increased to 3.7 months as at March 31, 2024, from 3.1 months as at March 31, 2023, which was calculated based on the average of the beginning and ending trade receivable balances for the year divided by revenue for the year and multiplied by 365 days.

As at March 31, 2024, the Group's current ratio (current assets divided by current liabilities) was 1.20 (March 31, 2023: 1.33).

Inventories

Inventories increased to HK\$707.7 million as at March 31, 2024, from HK\$586.3 million as at March 31, 2023. The inventory turnover days increased to 3.4 months as at March 31, 2024, from 2.5 months as at March 31, 2023. The increase was in line with the increase in purchases towards the end of the financial year under review as compared to the corresponding period in FY2023.

Cash Flow

As at March 31, 2024, the Group had a working capital of HK\$268.5 million which included a cash balance of HK\$68.9 million, compared to a working capital of HK\$430.1 million which included a cash balance of HK\$317.2 million as at March 31, 2023. The decrease in cash by HK\$248.4 million was primarily attributable to the net effect of cash inflow of HK\$59.4 million generated from operating activities and cash outflow of HK\$299.1 million used in financing activities. The Group's cash balance was mainly denominated in USD, RMB and Hong Kong dollars ("HKD").

Cash inflow generated from operating activities was mainly due to the net effect of an increase in trade payables and the increases in inventories.

Cash outflow used in financing activities was mainly attributable to repayments of trust receipt loans during the year under review.

Borrowings and Banking Facilities

As at March 31, 2024, the Group had bank borrowings of HK\$297.2 million, which were repayable within one year. Among the Group's bank borrowings, 72.8% was denominated in RMB, 24.8% was denominated in USD and the remainder was denominated in HKD. As at March 31, 2024, the fixed-rate bank borrowings and the variable-rate bank borrowings accounted for 80.5% and 19.5%, respectively. The fixed-rate bank borrowings bore interest at a weighted average effective rate of 3.73% per annum, while variable-rate bank borrowings bore interest at a weighted average effective rate of 6.72% per annum.

As at March 31, 2024, trust receipt loans of HK\$268.2 million were unsecured and repayable within one year and bore interest at a weighted average effective rate of 7.89% per annum. 100% of the trust receipt loans was denominated in USD. As at March 31, 2024, the Group had unutilised banking facilities of HK\$489.6 million (March 31, 2023: HK\$416.6 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, 2024 | | As at March 31, 2023 | |
|----------------------|-----------|----------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| 489,549 | 75,908 | 100,663 | 757,914 |

Amount repayable after one year

| As at March 31, 2024 | | As at March 31, 2023 | |
|----------------------|-----------|----------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| – | – | – | – |

As at March 31, 2024, the Group's trade receivables amounting to HK\$102.4 million (March 31, 2023: HK\$92.9 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\$142.5 million (March 31, 2023: HK\$80.9 million).

As at March 31, 2024, the Group's remaining secured bank borrowings amounting to HK\$78.8 million (2023: HK\$19.8 million) had been secured by the pledge of certain bills receivables held by the Group amounting to HK\$13.1 million (2023: HK\$23.0 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, 2024, the Group's net gearing ratio was 99.5% (March 31, 2023: 78.6%). The net gearing ratio was derived by dividing net debts (representing interest-bearing bank borrowings, trust receipt loans and bills payables minus cash and cash equivalents and restricted bank deposits) by shareholders' equity at the end of a given period and multiplied by 100%. The increase was mainly due to a decrease in shareholders' equity (resulting from the loss in respect of FY2024).

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 calendar year 2023 was marked by escalating geopolitical tensions and ongoing trade conflicts, which led to challenges in the operating environment and uncertainties in the macro economy. In China, which is the Group's core market, the much-anticipated post-Covid 19 recovery also failed to materialise, although a pick-up in business activity was observed towards the end of the year.

Against this backdrop, many distributors and original equipment manufacturers have remained in stock clearance mode. The Group expects these conditions to continue for the remainder of the calendar year 2024 until an anticipated upswing in the economy in 2025 brings a positive shift in demand-supply dynamics.

Despite the challenging conditions, the Group's diversified business segments have enabled it to seize opportunities in high growth industries such as Automotive and New Energy, which will remain its key areas of focus in the new financial year ending 31 March 2025. The Group will continue to invest resources to expand its market reach in these growth segments while monitoring opportunities and signs of recovery in its other segments.

In recent years, the Group has paid increasing attention to the development of AI, particularly in generative AI applications that can be integrated into various devices such as AI servers, smart devices, wearables and appliances. The Group has invested in research and development to build its expertise in this area as it believes the increasing application of AI will drive up energy needs, which will make energy efficiency even more important.

Looking ahead, the Group will leverage its over 40 years of experience and industry know-how to overcome any challenges and economic cyclicalities that may arise from an uncertain business environment. To achieve sustainable business growth, the Group intends to turn crises into opportunities by actively monitoring growth trends, while responding nimbly to factors that may have an adverse impact its business. It is committed to work closely with its customers and to deliver value-added solutions that meet their needs. In addition, the Group will continue to keep a tight rein on expenses to cushion its bottom-line against inflation and to protect its profitability.

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, 2024 (2023: nil). No dividend has been declared for FY2024 as the Group intends to retain cash for its business operations and future growth.

The forthcoming annual general meeting of the Company (the “2024 AGM”) will be held on or around July 31, 2024 at 9:30 a.m.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2024 AGM

For the purpose of determining the entitlement of the Shareholders to attend and vote at the 2024 AGM, for Hong Kong Shareholders, the Hong Kong branch Register of Members (the “Hong Kong Branch Register”) will be closed from Friday, July 26, 2024 to Wednesday, July 31, 2024, 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 2024 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 Thursday, July 25, 2024.

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 Thursday, July 25, 2024. 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 Thursday, July 25, 2024 will be registered to determine Singapore Shareholders’ entitlements to attend and vote at the 2024 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 Wednesday, July 17, 2024 for Hong Kong Shareholders and not later than 5:00 p.m. on Wednesday, July 17, 2024 for Singapore Shareholders.

EMPLOYEES AND REMUNERATION POLICIES

As at March 31, 2024, the Group had a workforce of 325 (March 31, 2023: 377) full-time employees, of which 23.4% worked in Hong Kong, 72.9% 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, 2024 (March 31, 2023: nil).

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

During the year ended March 31, 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.

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, 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 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 the third paragraph 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 April 1, 2023 to April 26, 2023 was a variation from Provisions 2.2 and 2.3 of the Singapore CG Code as the Board comprised six members, three of whom were executive Directors and three of whom were INEDs. The Company also notes that the Board composition during May 20, 2023 to August 22, 2023 was a variation from Provisions 2.2 of the Singapore CG Code as (i) the Board comprised seven members, two of whom were non-executive Directors ("NEDs") (including one of whom was also the chairman of the Board (the "Chairman")), two of whom were executive Directors and three of whom were INEDs during May 20, 2023 to July 28, 2023 and August 11, 2023 to August 22, 2023; and (ii) the Board comprised six members, two of whom were NEDs (including one of whom was also the Chairman), two of whom were executive Directors and two of whom were INEDs during July 28, 2023 to August 10, 2023. Following the increase of the number of INEDs to four with effect from August 23, 2023, the current Board composition complies with Provisions 2.2 and 2.3 of the Singapore CG Code.

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 year ended March 31, 2024.

REVIEW BY AUDIT COMMITTEE

The Board has established the audit committee of the Board (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 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, 2024 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, 2024 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, 2024 (containing the Company's sustainability report) and the notice of the 2024 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, is there any variance between it and the actual results***

As disclosed in the announcement on profit guidance dated May 27, 2024, no variance between the mentioned announcement and the actual results was noted.

- 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***

On December 1, 2023, the Company has entered into the Master Supply Framework Agreement with Shanghai YCT Electronics Group Company Limited (the "Shanghai YCT"), pursuant to which the Group agreed to supply semiconductor electronic component products to Shanghai YCT Group.

Save for the abovementioned related party transactions. No general mandate has been obtained from the Shareholders for IPTs.

3. *A breakdown of sales*

| | Group | | Increase (Decrease) % |
|---|--------------------------------|-------------------------|-----------------------------|
| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> | |
| (a) Sales reported for first half year | 1,359,457 | 1,782,845 | -23.7% |
| (b) Operating (loss) profit after tax before deducting non-controlling interests reported for first half year | (95,264) | 12,821 | NM |
| (c) Sales reported for second half year | 1,305,426 | 1,352,588 | -3.5% |
| (d) Operating loss after tax before deducting non-controlling interests reported for second half year | (74,033) | (10,119) | 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 2022 (Paid) | – | 63,964 |
| Final dividend for 2023 (Paid) | – | – |
| Proposed final dividend and special dividend for 2023 | – | – |
| Proposed final dividend for 2024 | – | – |
| (b) Preference | – | – |
| Total: | – | 63,964 |

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*

Pursuant to Rule 704(13) of the listing manual of the SGX-ST, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries, who is a relative of a director or chief executive officer or substantial shareholder of the Company.

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
Xie Lishu
Chairman and Non-executive Director

Hong Kong/Singapore, June 21, 2024

As at the date of this announcement, the Board comprises two Non-executive Directors, namely Xie Lishu (Chairman) and Huang Shaoli; one Executive Director, Fan Qinsheng; and four Independent Non-executive Directors, namely Chong Eng Wee (Lead Independent Director), Lau Chin Huat, Tso Sze Wai and Jiang Maolin.

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, 2024 is as follows:

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
WILLAS-ARRAY ELECTRONICS (HOLDINGS) LIMITED
For the financial year ended March 31, 2024**

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, 2024, 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 material 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, 2024, 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, 2024, the Group’s net trade receivables amounted to HK\$816,508,000, representing 44% of total assets of the Group, of which HK\$229,202,000 were past due.

As disclosed in Note 44 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, 2024.

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, 2024, 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, 2024, 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 44 to the consolidated financial statements, the Group's lifetime ECL on trade receivables as at March 31, 2024 amounted to HK\$19,499,000.

- 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 25 and 44 to the consolidated financial statements.

Allowance for inventories

We identified the allowance for inventories as a key audit matter as the Group operates in a fast evolving industry where inventories comprise of electronic components which are subject to rapid technological changes and price changes. As such, significant management estimates and judgements are involved in determining the allowance for inventories.

The Group makes allowance for inventories based on an assessment of the net realisable value of inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than cost.

The management of the Group reviewed the inventory aging report at the end of the reporting period to identify inventories that are obsolete and estimated the net realisable value for those items based on latest selling price.

As disclosed in Note 24 to the consolidated financial statements, as at March 31, 2024, the carrying amount of the Group's inventories was HK\$707,663,000, net of allowance for inventories of HK\$90,566,000.

Our audit procedures in relation to the allowance for inventories included:

- Understanding and evaluating management's basis for the identification of slow-moving or obsolete inventories, and their assessment of net realisable value and allowance for inventories after taking into account sales made after the end of the reporting period;
- Engaging our internal information technology specialists to perform a computer assisted audit techniques exercise to test the accuracy of the inventories aging listed in the system generated report;
- Testing the net realisable values of inventories, on a sample basis, by reference to latest sales margin report to identify inventories that are selling at loss and assessing whether the allowance was properly provided for such inventories; and
- Performing retrospective testing on management estimates.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, namely the Financial Highlights, Chairman's Statement, Management Discussion and Analysis, Environment, Social and Governance Report, Corporate Governance Report, Corporate Information, Board of Directors, Senior Management, Report of the Directors, Statement of Directors and Shareholders' Information, but does not include the consolidated financial statements and our auditor's report thereon.

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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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
June 21, 2024