



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)



FOCUSED EXPERTISE
TAILORED SUCCESS

2025 ANNUAL REPORT

CORPORATE PROFILE

Established in the early 1980s, and listed on the Main Board of Singapore Exchange Securities Trading Limited in 2001 (SGX: BDR) and also on the Main Board of The Stock Exchange of Hong Kong Limited in 2013 (SEHK: 854), Hong Kong-based Willas-Array Electronics (Holdings) Limited (“Willas-Array” and together with its subsidiaries, the “Group”) is principally engaged in the distribution of electronic components for use in the industrial, audio and video, telecommunications, home appliance, lighting, electronic manufacturing services and automotive segments, as well as the provision of engineering solutions.

Backed by long-standing relationships with over 50 internationally reputable principal suppliers, Willas-Array carries a wide product mix, distributing and marketing over 10,000 product items which cater to over 3,000 customers. Its main markets are in mainland China, Hong Kong and Taiwan.

The Group’s reputation is well-established among suppliers, customers and banks, many of whom are its long-term partners. Its sound management policies have ensured healthy inventory and cash flow levels. The Group has generally been able to achieve healthy financial results and has strong profit track record period.

In mainland China, Willas-Array has established a network of offices strategically located in Beijing, Chongqing, Guangzhou, Qingdao, Shanghai, Shenzhen, Xiamen and Zhongshan. It has a wholly-owned subsidiary in the Free Trade Zone in Shanghai, which serves as a logistics centre for the Group in northern China. Willas-Array also has a wholly-owned subsidiary in Taipei to tap on the growing number of large electronic manufacturers in Taiwan doing business in mainland China.

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CORPORATE INFORMATION

DIRECTORS

Executive Director

Xie Lishu (*Chairman*)

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*)

Huang Shaoli

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

Xie Lishu

Chan Lai Yee

REGISTERED OFFICE

Victoria Place, 5/F

31 Victoria Street

Hamilton HM10

Bermuda

CORPORATE INFORMATION

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

SINGAPORE SHARE TRANSFER AGENT

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

Ernst & Young LLP
Public Accountants and Chartered Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Low Bek Teng
(Appointed on June 27, 2025)

COMPANY WEBSITE

www.willas-array.com.cn

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

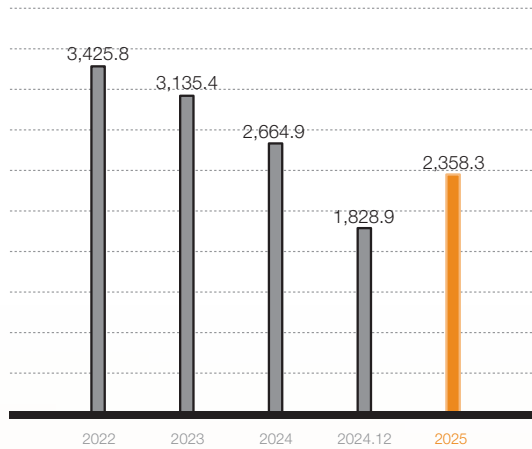
Hong Kong: 854
Singapore: BDR

Board Lot

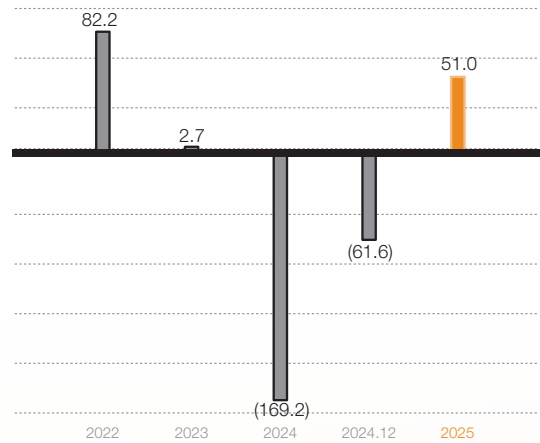
Hong Kong: 1,000 shares
Singapore: 100 shares

FINANCIAL HIGHLIGHTS

REVENUE (HK\$ Million)



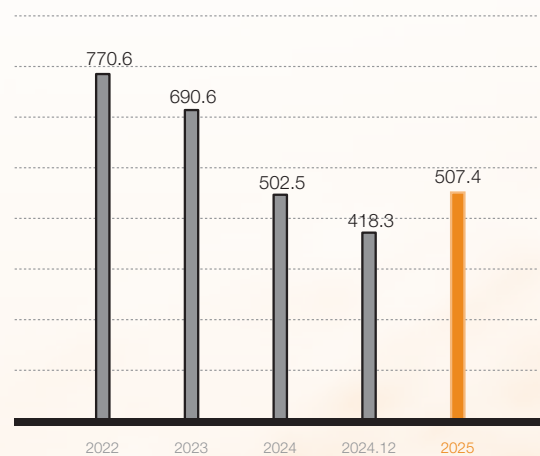
PROFIT (LOSS) ATTRIBUTABLE TO SHAREHOLDERS (HK\$ Million)



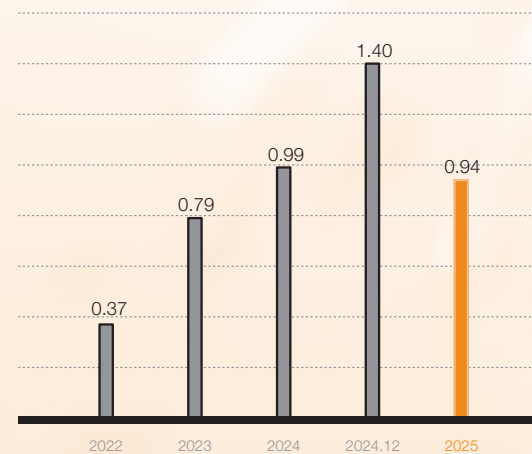
TOTAL ASSETS (HK\$ Million)



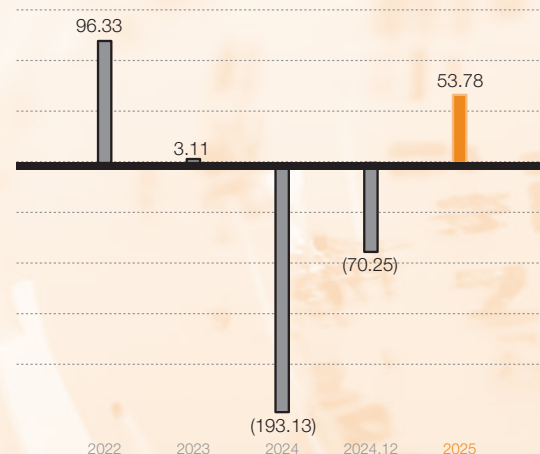
SHAREHOLDERS' FUND (HK\$ Million)



NET GEARING

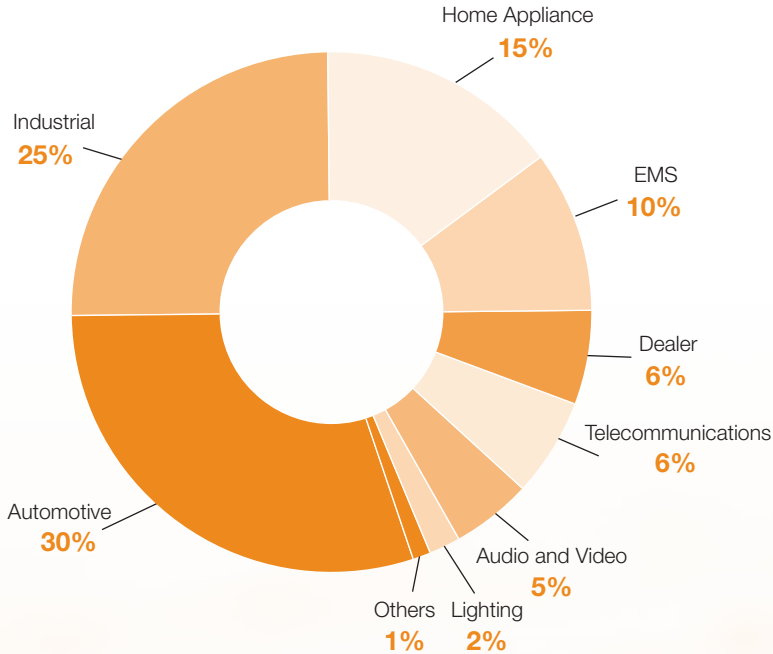


BASIC EARNINGS (LOSS) PER SHARE (HK Cents)

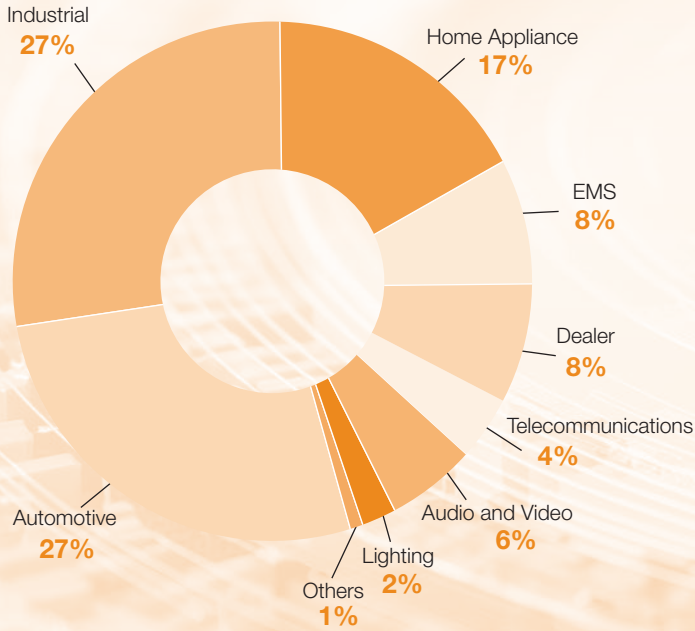


FINANCIAL HIGHLIGHTS

Turnover By Segments For The Year Ended December 31, 2025



Turnover By Segments For Nine Months ended December 31, 2024



FINANCIAL HIGHLIGHTS

OPERATING RESULTS FOR THE GROUP

	Financial year ended March 31,			Nine months ended December 31,	Financial year ended December 31,
	2022	2023	2024	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	3,425,832	3,135,433	2,664,883	1,828,900	2,358,253
Cost of sales	(3,091,042)	(2,856,756)	(2,564,486)	(1,760,564)	(2,139,735)
Gross profit	334,790	278,677	100,397	68,336	218,518
Other income	2,803	10,534	2,168	2,965	7,700
Distribution costs	(28,871)	(28,896)	(22,591)	(14,137)	(18,727)
Administrative expenses	(189,070)	(183,183)	(171,586)	(106,485)	(138,464)
Other gains and losses	808	(30,915)	(17,254)	125	(2,677)
Impairment losses reversed (recognised) under expected credit loss model, net	4,461	881	(7,820)	7,813	6,012
(Loss) gain on fair value change of investment property	439	995	(715)	(188)	(1,691)
Finance costs	(17,286)	(43,750)	(52,603)	(26,924)	(27,887)
Profit (loss) before tax	108,074	4,343	(170,004)	(68,495)	42,784
Income tax credit (expense)	(25,882)	(1,641)	707	6,893	8,174
Profit (loss) for the year/period	82,192	2,702	(169,297)	(61,602)	50,958
Less: non-controlling interests	–	(14)	(74)	(1)	–
Profit (loss) attributable to shareholders	82,192	2,716	(169,223)	(61,601)	50,958
Basic earning (loss) per share (HK cents) (Notes 2)	96.33	3.11	(193.13)	(70.25)	53.78

FINANCIAL HIGHLIGHTS

FINANCIAL POSITION OF THE GROUP

	Year ended as at March 31,			Nine months ended as at December 31,	Year ended as at December 31,
	2022	2023	2024	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current assets	1,564,612	1,723,016	1,609,742	1,181,424	1,147,810
Property, plant and equipment	284,293	265,418	240,789	205,783	150,651
Right-of-use assets	16,093	11,859	3,953	2,941	1,863
Investment property	9,951	10,946	10,231	10,043	43,583
Club debentures	2,001	2,001	2,001	2,001	2,001
Interest in an associate	–	–	–	–	–
Financial assets measured at fair value through other comprehensive income	–	–	–	8,639	12,398
Other non-current assets	4,962	4,549	3,107	3,644	1,293
Total assets	1,881,912	2,017,789	1,869,823	1,414,475	1,359,599
Current liabilities	1,065,180	1,292,930	1,341,273	980,848	850,978
Non-current liabilities	46,166	34,243	25,975	15,355	1,197
Non-controlling interests	–	66	89	–	–
Shareholders' equity	770,566	690,550	502,486	418,272	507,424
Total liabilities and equities	1,881,912	2,017,789	1,869,823	1,414,475	1,359,599
Net assets value per ordinary share (HK cents) (<i>Notes 3</i>)	898.34	788.10	573.47	476.98	492.70

Notes:

- (1) The financial summary for the four financial years ended March 31, 2022 to 2024 and December 31, 2024 to 2025 presented above is extracted from the annual reports of the Company from 2022 to 2025.
- (2) The basic earnings (loss) per share for the years ended March 31, 2022 to 2024 and December 31, 2024 to 2025 are calculated based on profit (loss) attributable to shareholders of the Company and weighted average number of 85,325,912, 87,204,679, 87,622,049, 87,685,940 and 94,753,087 ordinary shares of the Company in issue during the financial years of 2022 to 2025 respectively.
- (3) The net assets value per ordinary share for the years ended March 31, 2022 to 2024 and December 31, 2024 to 2025 are calculated based on share capital of the Company at the end of financial year of 85,777,049, 87,622,049, 87,622,049, 87,692,049 and 102,989,049 shares respectively.

CHAIRMAN'S STATEMENT

Dear Shareholders,

As the Chairman of the Board, I observe that the global electronic components market in 2025 is navigating a pivotal phase of reshaping and divergence. The accelerated industry consolidation and the simultaneous rise of emerging segments present not only formidable challenges but also significant new opportunities for development. While the overall market growth faces headwinds, technological innovation and evolving geopolitical dynamics have become the core driving forces. We extend our sincere gratitude to all our shareholders, employees, and partners for your steadfast support. Through our collective efforts, we are proactively adapting to this complex and evolving landscape. Our commitment remains firm: to deepen our expertise and strive to be the partner in the electronic niches!

Performance review

In 2025, we observed an increase in Automotive and Telecommunications segment. In response, the new management team has adjusted our strategy by reallocating resources within the EMS segment to focus on these high-potential areas. Following a year of concerted efforts, we have successfully stabilized and maintained inventory at normal operating levels and completed a reversal of previous inventory-related financial provisions. These decisive actions have successfully steered the company back to profitability.

Segmental results

The Company's top three business segments are Automotive, Industrial and Home Appliance, which collectively accounted for 70.6% of our total sales. Among them, Automotive is the largest segment and accounted for 30.2% of total revenue.

Looking ahead, we will intensify our strategic focus and resource allocation towards the Automotive segment. Our commitment is to deepen expertise and solidify our market position through sustained, long-term engagement. We are confident that this focused approach will be a cornerstone of our future growth and value creation.

Sales revenue from the Electronic Manufacturing Services ("EMS") amounted to HKD220.7 million, accounting for 9.4% of total sales. Our performance in the EMS business has been positively driven by the strategic introduction of new product lines. These additions have enabled us to explore and capitalize on emerging market opportunities. Furthermore, we have successfully expanded our client portfolio by securing projects with new customers. These initiatives collectively demonstrate our commitment to growth and our agility in capturing emerging market opportunities.

In respect of all other business segments, we will realize efficient allocation of resources, stabilize and ensure steady growth in other business segment.

CHAIRMAN'S STATEMENT

Outlook

Looking ahead to 2026, the global semiconductor market is poised for a period of explosive growth, with the latest forecast from World Semiconductor Trade Statistics (WSTS) projecting that the market size will approach the trillion-dollar threshold following its strong performance in 2025. This anticipated surge will be primarily driven by significant demand for memory and logic chips.

Furthermore, government subsidies are expected to continue stimulating consumer electronics demand, creating a favorable tailwind. The strategic introduction of our new product lines will capitalize on this momentum, unlocking fresh business opportunities.

Concurrently, we are implementing new business models focused on cost optimization and efficiency, which will enhance our competitiveness. These combined factors position us favorably to capture a larger share of this expanding market.

Appreciation

In this year marked by both reshaping and division within the global electronic components market, we extend our sincere appreciation to the management and all employees for their diligent efforts and hard work. We also sincerely thank our customers and suppliers for their steadfast support and trust throughout this period.

In particular, we wish to express our special gratitude to all members of the Board of Directors for their invaluable guidance and leadership.

Building on the strategic adjustments and foundations laid this year, our company is well-positioned to capture emerging opportunities. We are confident that the year 2026 holds the promise of an even more brilliant tomorrow. We look forward to achieving new heights of success and creating greater value for all our stakeholders in the coming year.

Xie Lishu

Chairman

February 27, 2026

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended December 31, 2025 (“FY2025”), the Group recorded a profit attributable to owners of the Company of HK\$51.0 million, compared to the net attributable loss of HK\$61.6 million posted in the preceding nine months ended December 31, 2024 (the “Preceding Financial Year”).

The significant improvement in the Group’s financial performance during the FY2025 was mainly attributable to: (i) general improvement in gross profit margin for the FY2025 as compared with the Preceding Financial Year 2024 primarily due to the introduction and scaling of higher-margin product lines, the development of higher-profit clients through new trade models, and increased supplier incentives from delivering strong performance in the FY2025; (ii) a net reversal of allowance for inventory for the FY2025 as compared to stock provision made for the slow-moving inventories in the Preceding Financial Year 2024; and (iii) net impairment reversals of certain trade receivables of the Group in the FY2025.

To mitigate operational risks associated with obsolete inventory, the Group implemented proactive inventories reduction initiatives. The Group recorded a net reversal of allowance for inventories amounting approximately 46.3 million in the FY2025, compared to the impairment of inventories amounting approximately HK\$26.1 million in the Preceding Financial Year. This strategic destocking effort accelerated cash recovery and enhanced liquidity management, thereby contributing to further improvement in the Group’s operating performance.

Revenue

The Group’s revenue increased by 28.9% to HK\$2,358.3 million as all the Group’s segments reported stronger sales in the year ended December 31, 2025, except the segment of lighting, as compared to revenue of HK\$1,828.9 million in the Preceding Financial Year.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue by Market Segment Analysis

	Year ended		Nine months ended		Increase/(Decrease)	
	December 31, 2025		December 31, 2024			
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Automotive	711,727	30.2%	490,870	26.8%	220,857	45.0%
Industrial	593,191	25.2%	493,298	27.0%	99,893	20.3%
Home Appliance	358,886	15.2%	318,176	17.4%	40,710	12.8%
Electronic Manufacturing Services ("EMS")	220,724	9.4%	151,664	8.3%	69,060	45.5%
Telecommunications	145,142	6.1%	79,187	4.3%	65,955	83.3%
Dealer	144,567	6.1%	136,178	7.4%	8,389	6.2%
Audio and Video	122,093	5.2%	112,758	6.2%	9,335	8.3%
Others	32,085	1.3%	16,595	1.0%	15,490	93.3%
Lighting	29,838	1.3%	30,174	1.6%	(336)	-1.1%
	2,358,253	100.0%	1,828,900	100.0%	529,353	28.9%

Automotive

The Automotive segment has emerged as the Group's largest revenue generator, contributing sales of HK\$711.7 million in FY2025. This was a 45.0% increase in revenue as compared to the Preceding Financial Year. The Group will deepen our engagement in the automotive segment by closely collaborating with tier-1 and tier-2 suppliers to secure a greater share of business.

Industrial

Revenue from the Industrial segment increased 20.3% to HK\$593.2 million in FY2025 as compared to the Preceding Financial Year. Driven by the expansion into new robotics and new energy clients, the Group is actively developing tailored solutions and strengthening our market position in these high-growth sectors.

Home Appliance

Revenue from the Home Appliance segment increased 12.8% to HK\$358.9 million in FY2025 as compared to the Preceding Financial Year. The growth was significantly supported by government subsidy programs, which effectively stimulated consumer spending and market demand.

MANAGEMENT DISCUSSION AND ANALYSIS

EMS

The EMS segment recorded an increase in revenue of 45.5% to HK\$220.7 million in FY2025, as compared to the Preceding Financial Year. The significant growth is primarily attributed to the successful introduction and scaling of new product lines, which have rapidly gained market traction. The expansion into these new offerings has effectively broadened the Group's client base and contributed substantially to the segment's improved performance.

Telecommunications

Revenue from the Telecommunication segment increased by 83.3% to HK\$145.1 million in FY2025, as compared to the Preceding Financial Year. The significant growth was primarily driven by a substantial increase in the Group's market share within the mobile phone sector.

Dealer

The Dealer segment recorded an increase in revenue of 6.2% to HK\$144.6 million in FY2025 as compared to the Preceding Financial Year. The growth was primarily driven by an expansion in trading business activities, which contributed additional sales volume.

Audio and Video

Revenue from the Audio and Video segment increased by 8.3% to HK\$122.1 million in FY2025, as compared to the Preceding Financial Year. The growth was mainly due to an increase in market share for the Group's Audio products.

Others

Revenue from the others segment increased significantly by 93.3% to HK\$32.1 million in FY2025, compared to the Preceding Financial Year. The remarkable growth was primarily driven by the successful introduction and market entry of new product lines.

Lighting

Revenue from the lighting segment declined by 1.1% to HK\$29.8 million in FY2025, as compared to the Preceding Financial Year. The slight decrease was primarily due to intensified competition from domestic brands and the reduction of certain loss-making business lines.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit Margin

The Group's gross profit margin increased to 9.3% in FY2025 from 3.7% in the Preceding Financial Year primarily due to a net reversal of allowance for inventories of HK\$46.3 million made in FY2025, compared to a stock provision of HK\$26.1 million in the Preceding Financial Year. The net reversal of allowances for inventories was mainly attributable to (i) the improved pricing due to recovering market demand; and (ii) the successful efforts to clear aged inventories.

Excluding the net reversal of allowances for inventories and net stock provision, the adjusted gross profit margin in FY2025 would have been 7.3%, compared to 5.2% in the Preceding Financial Year.

Other Income

Other income increased by HK\$4.7 million to HK\$7.7 million in the year ended December 31, 2025 from HK\$3.0 million in the Preceding Financial Year, mainly due to the increase in rental income incurred in FY2025.

Distribution Costs

Distribution costs increased by approximately HK\$4.6 million in the year ended December 31, 2025 to HK\$18.7 million in the year ended December 31, 2025 from HK\$14.1 million in the Preceding Financial Year. The increase was mainly due to the increased sales and the increased sales incentive expenses.

Administrative Expenses

Administrative expenses increased by approximately HK\$32.0 million or 30.0% to HK\$138.5 million in the year ended December 31, 2025 from HK\$106.5 million in the Preceding Financial Year. This increase was primarily attributable to higher staff costs, driven by (i) an increase in performance bonuses and incentives; and (ii) severance payments related to the Group's staff optimization program.

Other Gains and Losses

Other losses of HK\$2.7 million were incurred in the year ended December 31, 2025 (nine months ended December 31, 2024: Other gains HK\$0.1 million). This was primarily due to exchange losses from fluctuations in the Renminbi ("RMB") against the US dollar ("USD") and Hong Kong dollar ("HKD") during FY2025, compared to greater stability in the Preceding Financial Year.

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

There was a reversal of net impairment losses of HK\$6.0 million in the year ended December 31, 2025 (nine months ended December 31, 2024: HK\$7.8 million), which was mainly represented the reversal of impairment losses on trade receivables in the Preceding Financial Year due to collection from credit-impaired trade receivables which has been fully provided in the prior period.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance Costs

Finance costs, which comprises interest expenses on trust receipt loans and bank borrowings, interest on lease liabilities and interest on loans from the ultimate holding company, slightly increased by HK\$1.0 million or 3.6% to HK\$27.9 million in the year ended December 31, 2025 from HK\$26.9 million in the Preceding Financial Year.

LIQUIDITY AND FINANCIAL RESOURCES

Financial Position

Trust receipt loans decreased by HK\$65.0 million to HK\$75.0 million as at December 31, 2025, from HK\$140.0 million as at December 31, 2024. The decrease was mainly due to the group's strategic refinancing of debt, whereby higher-interest-rate trust receipt facilities were replaced with lower-cost bank loans.

Trade payables decreased to HK\$222.4 million as at December 31, 2025, from HK\$323.0 million as at December 31, 2024. The decrease was due to the higher repayment to suppliers towards the end of the financial period under review as compared to the Preceding Financial Year.

Trade receivables decreased by HK\$16.6 million to HK\$691.8 million as at December 31, 2025, from HK\$708.4 million as at December 31, 2024. The Group generally allows an average credit period of 30 to 120 days to its trade customers. The debtor turnover days remained stable to 3.6 months as at December 31, 2025, reflecting consistent credit management practices and aligned customer payment behaviours under the Group's tightened collection policies.

As at December 31, 2025, the Group's current ratio (current assets divided by current liabilities) was 1.35 (December 31, 2024: 1.20).

Inventories

Inventories decreased to HK\$335.2 million as at December 31, 2025, from HK\$417.9 million as at December 31, 2024. The inventory turnover days decreased to 1.9 months as at December 31, 2025, from 2.2 months as at December 31, 2024. The significant reduction in inventory value was primarily driven by the Group's proactive inventory clearance initiatives, which included targeted promotional campaigns and accelerated liquidation of slow-moving stock.

MANAGEMENT DISCUSSION AND ANALYSIS

Cash Flow

As at December 31, 2025 the Group had a working capital of HK\$296.8 million which included a cash balance of HK\$112.0 million, compared to a working capital of HK\$200.6 million which included a cash balance of HK\$41.4 million as at December 31, 2024. The increase in cash by HK\$70.6 million was primarily attributable to the net effect of cash inflow of HK\$239.2 million generated from operating activities and cash outflow of HK\$156.8 million used in financing activities. The Group's cash balance was mainly denominated in USD, RMB and HKD.

Cash inflow generated from operating activities was mainly due to the net effect of the decrease in trade payables, inventories and trade receivables.

Cash outflow used in financing activities was mainly attributable to the net effect of the decrease in loans from ultimate holding company, the decrease in trust receipt loans and the increase in bank borrowings during the period under review.

Borrowings and Banking Facilities

As at December 31, 2025, the Group had bank borrowings of HK\$460.5 million, which were repayable within one year. Among the Group's bank borrowings, 81.0% was denominated in RMB and the remainder was denominated in HKD. As at December 31, 2025, the fixed-rate bank borrowings and the variable-rate bank borrowings accounted for 86.4% and 13.6%, respectively. The fixed-rate bank borrowings bore interest at a weighted average effective rate of 3.14% per annum, while variable-rate bank borrowings bore interest at a weighted average effective rate of 4.18% per annum.

As at December 31, 2025, trust receipt loans of HK\$75.0 million were secured and repayable within one year and bore interest at a weighted average effective rate of 6.39% per annum. 100% of the trust receipt loans was denominated in HKD. As at December 31, 2025, the Group had unutilised banking facilities of HK\$219.7 million (December 31, 2024: HK\$314.6 million).

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

Amount repayable in one year or less, or on demand

As at December 31, 2025		As at December 31, 2024	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
164,849	295,676	139,873	177,032

MANAGEMENT DISCUSSION AND ANALYSIS

Amount repayable after one year

As at December 31, 2025		As at December 31, 2024	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
-	-	-	-

As at December 31, 2025, the Group's trade receivables amounting to HK\$149.8 million (December 31, 2024: HK\$21.4 million) were transferred to banks by discounting those trade receivables and bills receivables amounting to HK\$20.3 million (December 31, 2024: HK\$55.5 million) 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\$140.1 million (December 31, 2024: HK\$72.6 million).

As at December 31, 2025, the Group's remaining secured bank borrowings amounted to HK\$24.7 million (December 31, 2024: HK\$67.3 million) had been secured by the pledge of office premise and the certain bills receivables held by the Group amounted to nil (December 31, 2024: HK\$10.7 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 December 31, 2025, the Group's net gearing ratio was 94.0% (December 31, 2024: 139.9%). 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) by shareholders' equity at the end of a given period and multiplied by 100%. The decrease was mainly due to decrease in loans from the ultimate holding company, increases in cash and cash equivalents and shareholders' equity.

MANAGEMENT DISCUSSION AND ANALYSIS

Proceeds from the placing of shares

On July 15, 2025, the Company issued 15,000,000 ordinary shares (the “2025 Placing”) at an issue price of HK\$2.66 (equivalent to approximately S\$0.44 based on the exchange rate of S\$ to HK\$ of S\$1 to HK\$6.09 as at the date of the 2025 Placing) per share. As a result, the Company received net proceeds of approximately HK\$39.6 million (equivalent to approximately S\$6.5 million) after deduction of the related expenses. As at 31 December 2025, all net proceeds from the 2025 Placing have been fully utilized as planned. Approximately HK\$23.7 million, representing approximately 60.0% of the net proceeds from the 2025 Placing, was utilized for the repayment of bank borrowings and trust receipt loans; approximately HK\$11.9 million, representing approximately 30.0% of the net proceeds from the 2025 Placing, was utilized for payments to suppliers for inventories and the remaining amount of approximately HK\$4.0 million, representing approximately 10.0% of the net proceeds from the 2025 Placing, was utilized for the Group’s general working capital, all of which was for staff costs.

STRATEGY AND PROSPECTS

Moving forward, our core strategy for growth centers on two key initiatives: targeted expansion of our customer base and the enhancement of our product portfolio. We will actively pursue new clients within strategic segments, including Industrial and EMS, to diversify our revenue sources and mitigate market-specific risks. Concurrently, we are committed to introducing a more competitive range of product lines.

Specifically, our business development efforts will focus on penetrating defined high-potential verticals within the industrial automation and EMS manufacturing sectors. This involves tailoring our sales and technical support to meet the specific supply chain and engineering requirements of clients in these fields. On the product front, we will systematically introduce new lines that offer technological advantages or better cost-performance ratios.

This includes sourcing and developing products under both domestic and international brands to create a diversified and compelling portfolio for our customers. By combining this expanded client reach with a stronger product offering, we aim to capture a larger market share. Our outlook is positive, as this dual approach is designed to build a more resilient and profitable business foundation for sustainable growth in the coming years.

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

Reference is made to the Company’s announcements dated January 30, 2026 and March 11, 2026, in which the Company’s subsidiaries have entered into the warehousing and logistics services agreements with Shanghai YCT’s subsidiaries, pursuant to which the Company’s subsidiaries agreed to provide warehousing and logistics services to Shanghai YCT’s subsidiaries up to December 31, 2026.

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

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICIES

As at December 31, 2025, the Group had a workforce of 293 (December 31, 2024: 312) full-time employees, of which 17.75% worked in Hong Kong, 77.13% 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 December 31, 2025 (December 31, 2024: nil).

BOARD OF DIRECTORS

EXECUTIVE DIRECTOR

Xie Lishu

Chairman, Executive Director and Authorised Representative

Chairman of the Employee Share Option Scheme Committee (“ESOSC”)

Date of first appointment as a director : May 20, 2023

Date of last re-election as a director : June 27, 2025

Xie Lishu, aged 53, was re-designated as an Executive Director on October 21, 2024 and remained as the Chairman of the Board as well as the chairman of the ESOSC. Mr. Xie was also appointed as an Authorised Representative with effect from October 22, 2025. Mr. Xie is responsible for determining the overall strategies and direction, and overseeing sales and marketing operations of the Group. He is also responsible for overseeing financial internal control and compliance, external information distribution and risk management of the Group. Mr. Xie also serves as a director for various subsidiaries of the Company. Mr. Xie obtained a bachelor’s degree in applied chemistry from Tongji University in 1996. He has over 29 years of experience in the electronics industry. He was a sales manager of China Circuit Technology (Shantou) Corporation from 1996 to 1999. Since 2008, Mr. Xie served as the chief executive officer of Shanghai YCT Electronics Group Co., Ltd. (上海雅創電子集團股份有限公司) (“Shanghai YCT”), which is a company listed on the ChiNext Board of the Shenzhen Stock Exchange and Mr. Xie also served as the chairman of the board of directors of Shanghai YCT since 2019. Mr. Xie is the husband of Ms. Huang Shaoli, the Non-executive Director. Mr. Xie is deemed to be interested in all of the shares held by Texin (HongKong) Electronics Co. Limited (“Texin”), a controlling shareholder of the Company.

NON-EXECUTIVE DIRECTOR

Huang Shaoli

Non-executive Director

Member of the Nomination Committee (“NC”)

Date of first appointment as a director : May 20, 2023

Date of last re-election as a director : July 28, 2023

Huang Shaoli, aged 49, was appointed as a Non-executive Director on May 20, 2023. Ms. Huang also serves as a director for various subsidiaries of the Company. Ms. Huang was awarded a Master of Business Administration from Raffles University in 2023. Ms. Huang has over 21 years of experience in the electronics industry. She was a finance manager of Shanghai YCT from 2004 to 2010 and the vice president of Shanghai YCT from 2010 to 2019. She has been a director of Shanghai YCT since 2019. Ms. Huang is also the wife of Mr. Xie Lishu, the Executive Director and the Chairman. Ms. Huang is deemed to be interested in all of the shares held by Texin, a controlling shareholder of the Company.

BOARD OF DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chong Eng Wee

Independent Non-executive Director

Lead Independent Director

Chairman of the NC

Members of the Audit Committee (“AC”), the Remuneration Committee (“RC”) and the Compliance Committee (“CC”)

Date of first appointment as a director : August 11, 2023

Date of last re-election as a director : June 27, 2025

Chong Eng Wee, aged 46, was appointed as an Independent Non-executive Director on August 11, 2023 and subsequently appointed as the Lead Independent Director on August 23, 2023. He graduated with a degree of Bachelor of Laws from Victoria University of Wellington, completed the Professional Legal Studies Course (New Zealand) from Institution of Professional Legal Studies, was awarded the Graduate Diploma in Singapore Law from National University of Singapore, completed the Postgraduate Practical Course in Law from the Board of Legal Education, Singapore, and passed the Overseas Lawyers Qualification Examinations conducted by the Law Society of Hong Kong. Mr. Chong is an Advocate and Solicitor of the Supreme Court of Singapore, a Solicitor of the High Court of Hong Kong, a Barrister and Solicitor of the High Court of New Zealand and a lawyer of the Supreme Court of New South Wales, Australia.

Mr. Chong has been the managing director of Chevalier Law LLC since August 2021, a director of Chevalier CS Pte. Ltd. since April 2022 and a partner of Nixon Peabody CWL since July 2023. He was a consultant of Nixon Peabody CWL from December 2021 to June 2023, a partner and head of corporate at Kennedys Legal Solutions Pte. Ltd. from October 2017 to July 2021, a partner and deputy head of Capital Markets & International China Practice at RHTLaw Taylor Wessing LLP from July 2015 to October 2017, and an associate director and representative of Shanghai representative office at Duane Morris & Selvam LLP from April 2011 to June 2015.

Mr. Chong is currently the non-executive and independent chairman of Heatec Jietong Holdings Limited (SGX-ST stock code: 5OR) and Polaris Limited (SGX-ST stock code: 5BI), a non-executive and lead independent director of Accrelist Limited (SGX-ST stock code: QZG), a non-executive and independent director of AJJ Medtech Holdings Limited (SGX-ST stock code: 584), Eindec Corporation Limited (SGX-ST stock code: 42Z), Aoxin Q&M Dental Group Limited (SGX-ST stock code: 1D4) and Quantum Healthcare Limited (SGX-ST stock code: V8Y), the company secretary of LHN Limited (SGX-ST stock code: 41O), the company secretary of Coliwoo Holdings Limited (SGX-ST stock code: _W8W), the company secretary of Shanghai Turbo Enterprises Ltd. (SGX-ST stock code: AWM), the joint company secretary of LHT Holdings Limited (SGX-ST stock code: BEI), a director of Coronet Ventures (Singapore) Pte. Ltd. and a director of Lucky Sesa Pte Ltd.

BOARD OF DIRECTORS

Lau Chin Huat

Independent Non-executive Director

Chairman of the AC

Members of the NC, the RC and the CC

Date of first appointment as a director : August 23, 2023

Date of last re-election as a director : July 31, 2024

Lau Chin Huat, aged 66, was appointed as an Independent Non-executive Director on August 23, 2023. He graduated with a degree of Bachelor of Accountancy from The National University of Singapore in 1983. He has over 42 years of experience in audit, accounting, tax and advisory roles. He is a public accountant registered with Accounting and Corporate Regulatory Authority in Singapore, a licensed Insolvency Practitioner approved by Ministry of Law in Singapore, an ISCA Financial Forensic Professional certified by Institute of Singapore Chartered Accountants in Singapore, an Accredited Tax Practitioner (Income Tax) and an Accredited Tax Advisor (GST) certified by Singapore Chartered Tax Professionals, a court-appointed Professional Deputy, a service regulated by the Public Guardian, Ministry of Social and Family Development in Singapore.

Mr. Lau is a member of Certified Public Accountants of Australia and Singapore Chartered Tax Professionals, a fellow member of Institute of Singapore Chartered Accountants and The Singapore Institute of Arbitrators, and a Senior Accredited Director of Singapore Institute of Directors.

Mr. Lau's roles as Court-appointed liquidator in Compulsory Winding Up (CWU), Provisional Liquidator in Creditors' Voluntary Liquidation (CVL) and Court appointed Private Trustee in Bankruptcy (PTIB) requires regular maintenance of skills of a Licensed Insolvency Practitioner.

Mr. Lau is the founder of Lau Chin Huat & Co, a public accounting firm since 1986. He is also a non-executive independent chairman of Kimly Limited (SGX-ST stock code: ID0) since November 2021, a non-executive independent director of Enviro-Hub Holdings Limited (SGX-ST stock code: L23) since October 2023 and the lead independent director of Wilton Resources Corporation Limited (SGX-ST stock code: 5F7) since October 2024.

BOARD OF DIRECTORS

Tso Sze Wai

Independent Non-executive Director

Chairman of the RC

Members of the AC, the NC, the CC and the ESOSC

Date of first appointment as a director : August 23, 2023

Date of last re-election as a director : June 27, 2025

Tso Sze Wai, aged 55, was appointed as an Independent Non-executive Director on August 23, 2023. He graduated with a degree of Bachelor of Commerce in Accounting from The University of New South Wales, Australia, in 1994 and awarded the Graduate Diploma in Business Computing from The University of Western Sydney, Australia, in 2000. He is a member of Hong Kong Institute of Certified Public Accountants.

Mr. Tso is an independent non-executive director of Asia Strategy Digit Technology Holdings Limited (SEHK stock code: 1027) since October 2016, an independent non-executive director of Net Pacific Holdings Limited (SGX-ST stock code: 5QY) since July 2020, an independent non-executive director of China Asia Valley Group Limited (SEHK stock code: 63) since July 2021 and an independent non-executive director of Hop Fung Group Holdings Limited (SEHK stock code: 2320) since October 2022.

Jiang Maolin

Independent Non-executive Director

Chairman of the CC

Members of the AC, the NC and the RC

Date of first appointment as a director : August 23, 2023

Date of last re-election as a director : July 31, 2024

Jiang Maolin, aged 60, was appointed as an Independent Non-executive Director on August 23, 2023. He graduated with a degree of Master of Commerce in Professional Accounting from The University of New South Wales in 2001, was awarded the Bachelor of Laws from The Manchester Metropolitan University in 2012 and was awarded the PhD in Law from Renmin University of China in 2020. He is a member of Hong Kong Institute of Certified Public Accountants. Dr. Jiang is a director of Qianhai Devin Capital Management (Shenzhen) Co. Ltd.

SENIOR MANAGEMENT

Li Wai, Eddy

President

Li Wai, Eddy, aged 54, is responsible for strategic planning and operational management, and overseeing sales and marketing department, technical department, risk management department and customer services center of the Group. Mr. Li obtained a Bachelor of Business Administration (BBA) degree from The Chinese University of Hong Kong in 1997. He joined the Group in February 2025 as the president of the Group. Before joining the Group, he served as the vice president of Arrow Electronics China Limited from 2014 to 2024 (later assuming the role of China Region Head). He has over 27 years of experience in the electronics industry.

Cheung Yiu Wing, Teddy

General Manager – South China Sales Department

Cheung Yiu Wing, Teddy, aged 51, is responsible for all of the business operations in the Southern China Region. He graduated from the Hong Kong Technical College with a higher diploma in communications engineering in 1996 and obtained a master's degree in EMBA from The Chinese University of Hong Kong in 2016. Mr. Cheung joined Willas Company Limited as a sales engineer in 1996 and he was promoted to assistant product manager and senior sales manager in 2000 and 2007, respectively. He was appointed as the assistant general manager of sales in the Southern China Region in 2012 and as the general manager of South China in January 2020.

Zhao Hou Min

General Manager – North China Sales Department

Zhao Hou Min, aged 52, is responsible for all the business operations in Northern China Region. He graduated from the college of electrical engineering in Qingdao University in 1995. Mr. Zhao joined the Group as field application engineer in 2001. He was promoted to sales manager in 2003, was promoted to senior manager in 2008, was promoted to the general manager of Qingdao branch in 2015, and was appointed as the general manager of Northern Operation Center in 2021. Prior to joining the Group, Mr. Zhao was development engineer in Mitsumi since 1995.

Zhao Chun Lei

General Manager – Central China Sales Department

Zhao Chun Lei, aged 52, is responsible for the business operations in the Central China Region. He graduated with a bachelor's degree in professional engineering in electronic engineering from the University of Electronic Science and Technology of China in 1995 and obtained mechanical and electronic technology engineer qualification in 2001. Mr. Zhao joined the Group as sales engineer in 2001. He was promoted to sales manager and senior sales manager in 2004 and 2011 respectively, was appointed as Central China Sales deputy general manager in August 2023 and was appointed as Central China Sales general manager in January 2024. Prior to joining the Group, Mr. Zhao was technical development engineer in Shenzhen Gold Corolla Electronics Co., Ltd. from 1995 to 2001.

SENIOR MANAGEMENT

Lin Zhi Qing, Allen

General Manager – Taiwan Sales Department

Lin Zhi Qing, Allen, aged 53, is responsible for all of the customers and business operations in Taiwan. He obtained a degree of bachelor in electrical engineering from Hsinpu Institute of Technology (currently known as St. John's University) in 1994. Mr. Lin joined the Group in 2005 as a business manager of China Region in Taiwan team, he was promoted to senior manager in Taiwan team in 2007 and was appointed as the general manager of Taiwan sales department in 2024. Prior to joining the Group, Mr. Lin joined the Salomon Group in Taiwan in 1998, and from 2000 to 2004 served as the head of business and person in charge in China Region of Salomon Electronics Division.

Kwan Wing Kin, Samuel

General Manager of Marketing (Group BU1)

Kwan Wing Kin, Samuel, aged 59, is responsible for marketing of product lines of various brands. He obtained a bachelor's degree in electronics engineering from the City College of The City University of New York, United States in 1993. Mr. Kwan joined Array Electronics Limited as a product engineer in 1993 and was promoted to product manager in 2001, senior product manager in 2006, assistant general manager of central product marketing in 2008 and general manager of central product marketing in 2013. He was appointed as the general manager of marketing in January 2014.

Chan Wai, Willis

General Manager of Marketing (Group BU3)

Chan Wai, Willis, aged 53, is mainly responsible for marketing of STMicroelectronics products. He obtained a bachelor's degree in engineering from The Australian National University in 1997. Mr. Chan joined the Group as a sales engineer in 1997. He was promoted to senior sales engineer in 2000, assistant sales manager in 2003, sales manager in 2005, and assistant sales general manager in 2013. He was appointed as the general manager of marketing in 2023.

Cheung Mui Fung, Wind

General Manager of Marketing (Group BU2&BUQ)

Cheung Mui Fung, Wind, aged 55, is responsible for marketing of product lines of various brands. She obtained a master's degree in global strategy marketing from the University of Strathclyde in Scotland, United Kingdom in 1999. Ms. Cheung joined the Group in 2024 as a general manager of marketing. Prior to joining the Group, she was the marketing director in Arrow Electronics, Inc., primarily responsible for marketing semiconductor product lines in the United States and Europe.

Pang Man Yee, Doris

General Manager (Customer Service Center)

Pang Man Yee, Doris, aged 55, is responsible for developing the Group's customer service center system standards, overall planning customer service strategies, managing team operations, monitoring service quality, and coordinating cross-departmental matters. She obtained a bachelor's degree in commerce from The Hong Kong Polytechnic University and Monash University in 1994, and obtained a master's degree in industry and logistics from The Hong Kong Polytechnic University in 2005. Ms. Pang joined the Group as secretary to general manager in 1996. She was promoted to assistant logistics manager in 2009, logistics and operations manager in 2016, senior logistics and operations manager in 2019, logistics and operations assistant general manager in 2021. She was appointed as logistics and operations general manager in January 2024, and was appointed as customer service center general manager in January 2025.

SENIOR MANAGEMENT

Wen Yuping

Chief Financial Officer of the Group

Wen Yuping, aged 53, was appointed as the chief financial officer of the Group with effect from April 1, 2026. Ms. Wen is responsible for overseeing the financial and accounting department, system integration, financial internal control and compliance, and financial reporting of the Group. Ms. Wen graduated with a bachelor's degree in international economics and trade from Shantou University in 1996. She joined the Group in December 2025 as a financial manager of the Company's Shanghai subsidiary.

Prior to joining the Group, Ms. Wen held multiple roles in RB (Suzhou) Co., Ltd., serving as the finance director of Greater China E2E supply from September 2021 to June 2025, the finance director of Manufacturing from January 2021 to August 2021 and the finance controller of Manufacturing China, Health Wellness & Personal Hygiene from August 2019 to Dec 2020, at RB (Suzhou) Co., Ltd., Shanghai Branch, which was a member company of Reckitt group. Reckitt group is listed on London Stock Exchange (stock code: RKT). She was the finance director of Food Union (China) Co., Ltd. from May 2016 to May 2019. She was also the deputy chief financial officer and compliance officer of Huadian GE Aero Gas Turbine Equipment Co., Ltd., a group company of GE HealthCare Investment (China) Co., Ltd. (formerly known as General Electric (China) Co., Ltd., which is currently a PRC subsidiary of GE HealthCare. GE HealthCare is listed on New York Stock Exchange (stock code: GEHC) from July 2014 to May 2016.

COMPANY SECRETARY

Chan Lai Yee

Company Secretary and Authorised Representative

Chan Lai Yee, aged 39, was appointed as a joint Company Secretary and an Authorised Representative with effect from October 3, 2023 and subsequently appointed as the Company Secretary with effect from November 2, 2023. Ms. Chan graduated with a degree of Bachelor of Arts in Fashion and Textiles from The Hong Kong Polytechnic University in 2012, has been awarded Professional Diploma for Company Secretaries from The Hong Kong Management Association in 2015 and a degree of Master of Corporate Governance from The Open University of Hong Kong (currently known as Hong Kong Metropolitan University) in 2018. She is an associate of The Hong Kong Chartered Governance Institute and an associate of The Chartered Governance Institute. Ms. Chan joined the Group in July 2021 as the Company Secretarial Officer and was appointed as a joint Company Secretary in October 2023. Prior to joining the Group, Ms. Chan has worked in other companies listed on the Main Board of The Stock Exchange of Hong Kong Limited from 2017 to 2021, as well as international corporate services provider company and local accounting firm from 2014 to 2017, where she gained over 11 years of experience in company secretarial area.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

This Environmental, Social and Governance (“ESG”) Report (the “ESG Report”) highlights Willas-Array Electronics (Holdings) Limited’s (hereinafter referred to as the “Willas-Array”, and together with its subsidiaries referred to as the “Group”) ESG performance, with disclosure reference made to the ESG Reporting Code (“Code”) as described in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules” and the “SEHK” respectively). The Group has prioritised the adoption of globally-recognised frameworks. This ESG Report was also prepared with reference to the Global Reporting Initiative (“GRI”) Standards issued by Global Sustainability Standards Board (“GSSB”), as an internationally recognised reporting framework that covers a comprehensive range of sustainability disclosures. Additionally, the Group recognised the significance of evaluating the climate risks and opportunities of its business, and therefore disclosed climate-related issues in alignment with the TCFD framework and with reference to the IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures (“IFRS S1 & S2”) frameworks issued by International Sustainability Standards Board (“ISSB”). This ESG Report was in compliance with both SEHK and the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Rules.

This ESG Report has been reviewed and approved by the board of directors (the “Board” and the “Directors”, respectively) of the Company. The Group has also engaged its internal auditor for the internal review of the ESG Report, as mandated by the SGX-ST.

Scope and Reporting Period

The Group is principally engaged in the distribution of electronic components for use in industrial, audio and video, telecommunications, home appliance, lighting, electronic manufacturing services and automotive segments, as well as the provision of engineering solutions. This ESG Report covers the overall performance in two subject areas, namely, the Environmental and Social aspects of its major business operations in Hong Kong and the mainland of the People’s Republic of China (the “PRC”) from January 1, 2025 to December 31, 2025 (the “reporting period”), unless otherwise stated. This ESG Report covers the Group’s major business operations that constitute major revenue, namely,

- (i) The headquarters office in Hong Kong;
- (ii) The Southern China headquarters office in Shenzhen of the PRC;
- (iii) The Northern China headquarters office in Shanghai of the PRC;
- (iv) The warehouse in Hong Kong; and
- (v) The warehouse in Waigaoqiao Free Trade Zone, Shanghai of the PRC.

The total area of office and warehouse included in the Reporting Scope were approximately 79,814ft² in FY2025, and 107,662ft² in FY2024 and FY2023/24. Thus, the reporting scope for this reporting period was reduced when compared to that of the previous reporting period. Other business operations that have insignificant environmental and social impacts on the Group were excluded from the reporting scope.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT – *continued*

Reporting Principles

The contents covered in this ESG Report are in compliance with the four reporting principles of materiality, quantitiveness, balance and consistency required in Appendix C2 to the Listing Rules and their referred documentations as set out by the SEHK. Combining the application of the nine reporting principles of accuracy, balance, clarity, comparability, completeness, materiality, sustainability context, timeliness and verifiability set out by the GRI Standards, the Group ensures quality and proper presentation of the reported information. The reporting principles applied are consolidated as follows:

<p><i>Accuracy and Quantitativeness</i></p> <p>Qualitative information in the ESG Report has been reported in consistent with the available evidence. Quantitative key performance indicators (“KPI”s) have been established, and are measurable and applicable to make valid comparisons under appropriate conditions; information on the standards, methodologies, assumptions, and/or calculation tools used, and sources of conversion factors used, have been disclosed when applicable.</p>	<p><i>Balance</i></p> <p>The Group’s performance during the reporting period has been presented in an impartial manner, avoiding choices, omissions or presentation formats that may unduly influence readers’ decisions or judgements. Performance data is reported in a way that allows information users to see negative and positive year-on-year trends in impacts.</p>
<p><i>Clarity</i></p> <p>Information presented in the ESG Report is accessible and understandable, and reported in a concise way without omitting necessary details. A content index has been prepared for easy navigation of information.</p>	<p><i>Consistency and Comparability</i></p> <p>Consistent statistical methodologies and presentation of KPIs have been used to allow meaningful comparisons of related data over time.</p>
<p><i>Completeness</i></p> <p>Activities, events and impacts for the reporting period have been presented without omitting information that is necessary for understanding the Group’s impacts.</p>	<p><i>Materiality</i></p> <p>Materiality assessments have been carried out to identify material environmental and social issues that have major impacts on investors and other stakeholders, the significant stakeholders, procedures, and results of the engagement of which are presented in the section “Stakeholder Engagement and Materiality Assessment” in the ESG Report. For the purpose of Part D of the Code, the Group discloses information about climate-related risks and opportunities that could reasonably be expected to affect its cash flows, its access to finance or cost of capital over the short, medium or long term.</p>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT – *continued*

Reporting Principles – *continued*

<p><i>Sustainability Context</i></p> <p>Information about the Group’s impacts has been reported in relation to sustainable development goals and conditions.</p>	<p><i>Timeliness</i></p> <p>Consistency has been maintained for the lengths of reported information. Time period covered by the ESG Report has been indicated clearly.</p>
<p><i>Verifiability</i></p> <p>Decision-making processes underlying the ESG Report has been documented to allow examination of the key decisions and processes. Internal controls have been set up and documentation has been organised to facilitate verification processes.</p>	

About Willas-Array

Established in the early 1980s, and listed on the Main Board of SGX-ST in 2001 (SGX: BDR) and also on the Main Board of the SEHK in 2013 (SEHK: 854), Hong Kong-based Willas-Array is principally engaged in the distribution of electronic components for use in the industrial, audio and video, telecommunications, home appliance, lighting, electronic manufacturing services (“EMS”) and automotive segments, as well as the provision of engineering solutions.

Backed by long-standing relationships with over 50 internationally reputable principal suppliers, Willas-Array carries a wide product mix, distributing and marketing over 10,000 product items which cater to over 3,000 customers. Its main markets are in mainland China, Hong Kong and Taiwan.

The Group’s reputation is well-established among suppliers, customers and banks, many of whom are its long-term partners. Its sound management policies have ensured healthy inventory and cash flow levels. The Group has generally been able to achieve healthy financial results and has strong profit track record periods.

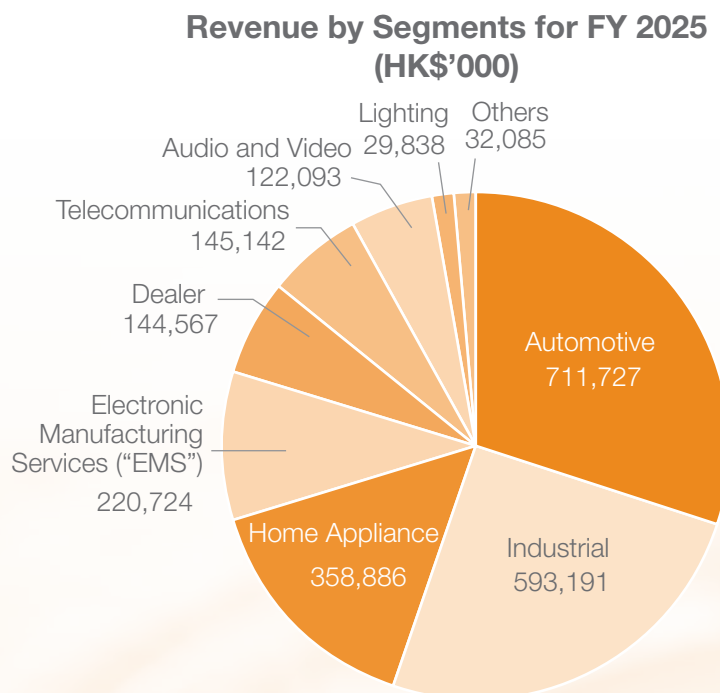
In Mainland China, Willas-Array has established a network of offices strategically located in Beijing, Chongqing, Guangzhou, Qingdao, Shanghai, Shenzhen, Xiamen and Zhongshan. It has a wholly-owned subsidiary in the Free Trade Zone in Shanghai, which serves as a logistics centre for the Group in northern China. Willas-Array also has a wholly-owned subsidiary in Taipei to tap on the growing number of large electronic manufacturers in Taiwan doing business in mainland China.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT – *continued*

About Willas-Array – *continued*

There were no significant changes to the Group's size, structure, or supply chain during the reporting period. The Group's product sales by market segments are shown below.



The Board's Statement

I am delighted to present to you the ESG Report of Willas-Array for the reporting period. During the reporting period under review, we remained committed to our core ESG values and worked closely with our stakeholders to reinforce our sustainability efforts.

With a focus on promoting smart and sustainable living, green environment and making a positive impact on society, we integrate ESG considerations across our operations and organisation, including our business strategy, decision-making, and overall operations. We have established a sustainability strategy, which the Board oversees, while heads of supporting units and general staff at all levels within the Group implement the measures and ensure goal alignment across the Group.

We have an ESG task-force team (the "ESG Team") that takes a proactive approach to planning and implementing sustainability strategies, supporting the Board in overseeing effective ESG risk management and internal control systems, evaluating material ESG matters and climate issues, including climate-related risks and opportunities, and setting relevant targets for continuous improvement. We have also incorporated climate-related issues and other key ESG elements into our long-term strategic planning and the Group's risk management framework.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT – *continued*

The Board's Statement – *continued*

To mitigate climate change, we strive to minimise our environmental impact by reducing waste and conserving resources by ensuring that our operations are efficient and productive. We treat climate change as both a risk to mitigate and an opportunity for the Group to explore new market opportunities and expedite the transformation of its products to low-carbon, energy-efficient, and climate-resilient. We will continue to expand our product portfolio towards the provision of clean energy and low-carbon solutions in the automotive and industrial segments.

Developing and maintaining talent is crucial to the Group's business growth. Guided by our human resource policy, we are committed to building our talent pool and nurturing future leaders through comprehensive training programmes. We have set up a dedicated working group to support and provide regular feedback on employee training and development.

Looking ahead, Willas-Array will endeavour to maintain sustainable growth in its business and support the global push for all things green by introducing smarter and more innovative solutions that encourage energy efficiency. The Group will stay true to its mission and take its role as a responsible global corporate citizen seriously.

Xie Lishu

Executive Director

Feb 27, 2026

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. OUR SUSTAINABILITY APPROACH

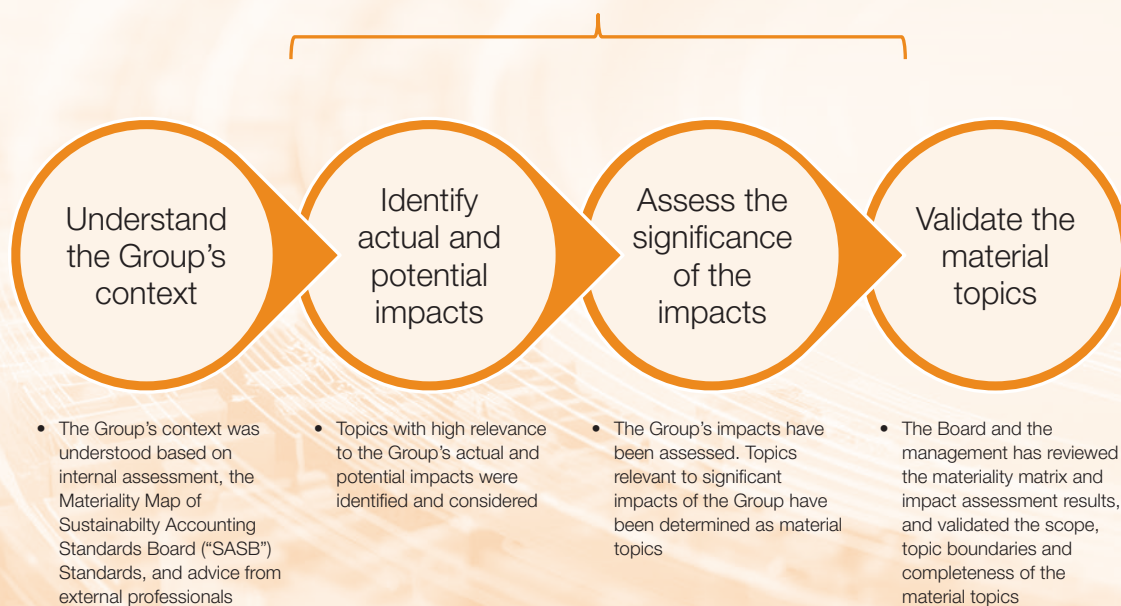
Stakeholder Engagement and Materiality Assessment

Stakeholder Engagement

The Group recognises the importance of the materiality assessment process in informing its decision-making and sustainability reporting. This process plays a vital role in identifying and prioritising the issues that are most relevant to its stakeholders. The Group has revised its materiality assessment process to align with the updated GRI Standards. This revision incorporates various factors, including the Group’s context, the actual and potential impacts of its operations, and the significance of the identified impacts. By utilising this enhanced process, the Group aims to ensure that its sustainability efforts are focused on addressing the most significant issues and meeting the expectations of its stakeholders.



Stakeholder Engagement Process



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. OUR SUSTAINABILITY APPROACH – *continued*

Stakeholder Engagement and Materiality Assessment – *continued*

Stakeholder Engagement – *continued*

The Group's key stakeholders and communication channels are as follows:

Stakeholder Group	Communication Channels
Employees	<ul style="list-style-type: none"> – Employee orientation training – Training sessions – Employee engagement activities – Meetings – Annual appraisal interviews
Shareholders and investors	<ul style="list-style-type: none"> – Annual general meeting – Annual and interim reports – Press releases, announcements and circulars – Investor meetings – Company website – E-mails
Suppliers	<ul style="list-style-type: none"> – Distributor sales conference – Annual and interim reports – Press releases, announcements and circulars – Networking events – Company website – E-mails – Social media (e.g. WeChat and LinkedIn)
Customers	<ul style="list-style-type: none"> – Regular site visits – Annual and interim reports – Press releases, announcements and circulars – Networking events – Company website – E-mails – Social media (e.g. WeChat and LinkedIn)
Government and regulators	<ul style="list-style-type: none"> – Company website – Media – Work meetings
Local communities	<ul style="list-style-type: none"> – Local recruitments – Volunteering and fund-raising activities

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

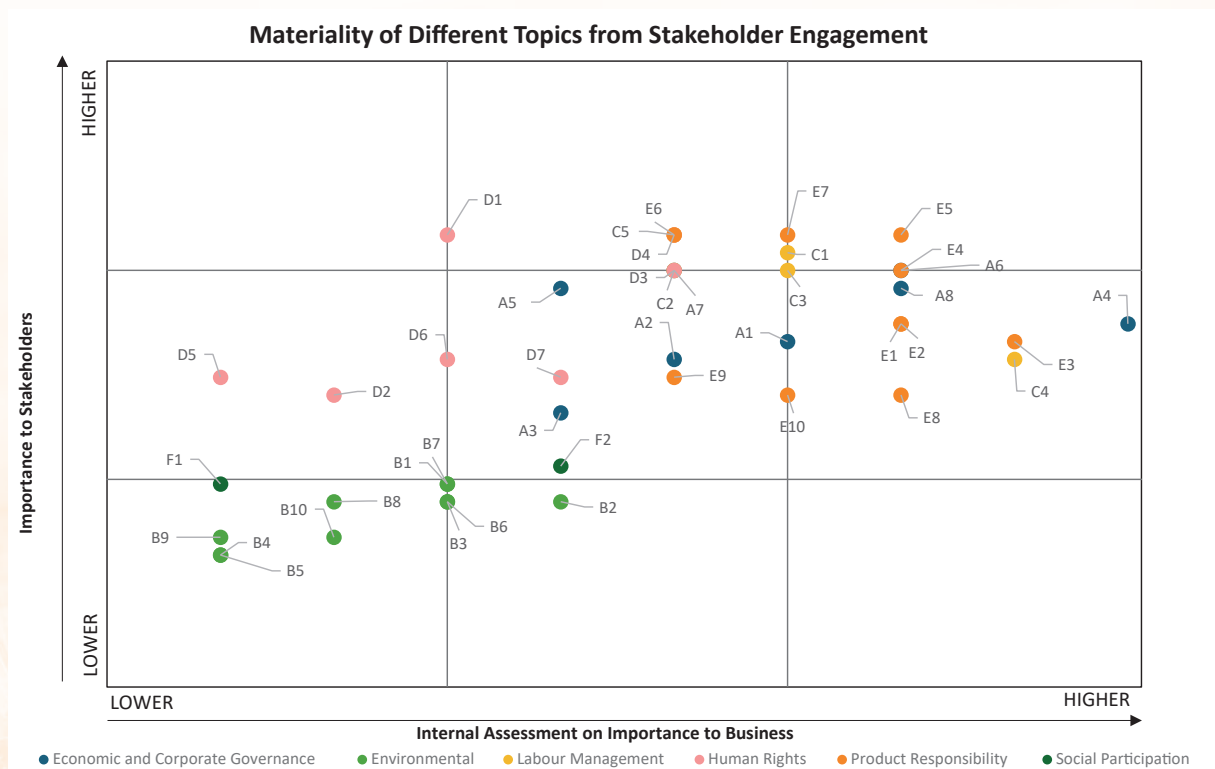
1. OUR SUSTAINABILITY APPROACH – *continued*

Stakeholder Engagement and Materiality Assessment – *continued*

Stakeholder Engagement – *continued*

There were 42 economic, environmental, and social-related ESG aspects identified to be related to the Group’s business operation. The Group engaged the board members, substantial shareholders, senior management, frontline staff, vendors and customers to share views regarding the identified ESG aspects of the Group’s operation through surveys. Our materiality matrix examines two dimensions, which are the importance of issues to both stakeholders and the Group. The issues that are positioned in the top right-hand corner of the matrix are regarded as highly significant for both stakeholders and the Group’s operations. Furthermore, climate-related risks and opportunities are vital factors that may considerably affect the Group’s capital and financial performance in the short, medium, or long term. The result of the materiality matrix is illustrated below.

Materiality Matrix



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. OUR SUSTAINABILITY APPROACH – *continued*

Stakeholder Engagement and Materiality Assessment – *continued*

Materiality Matrix – *continued*

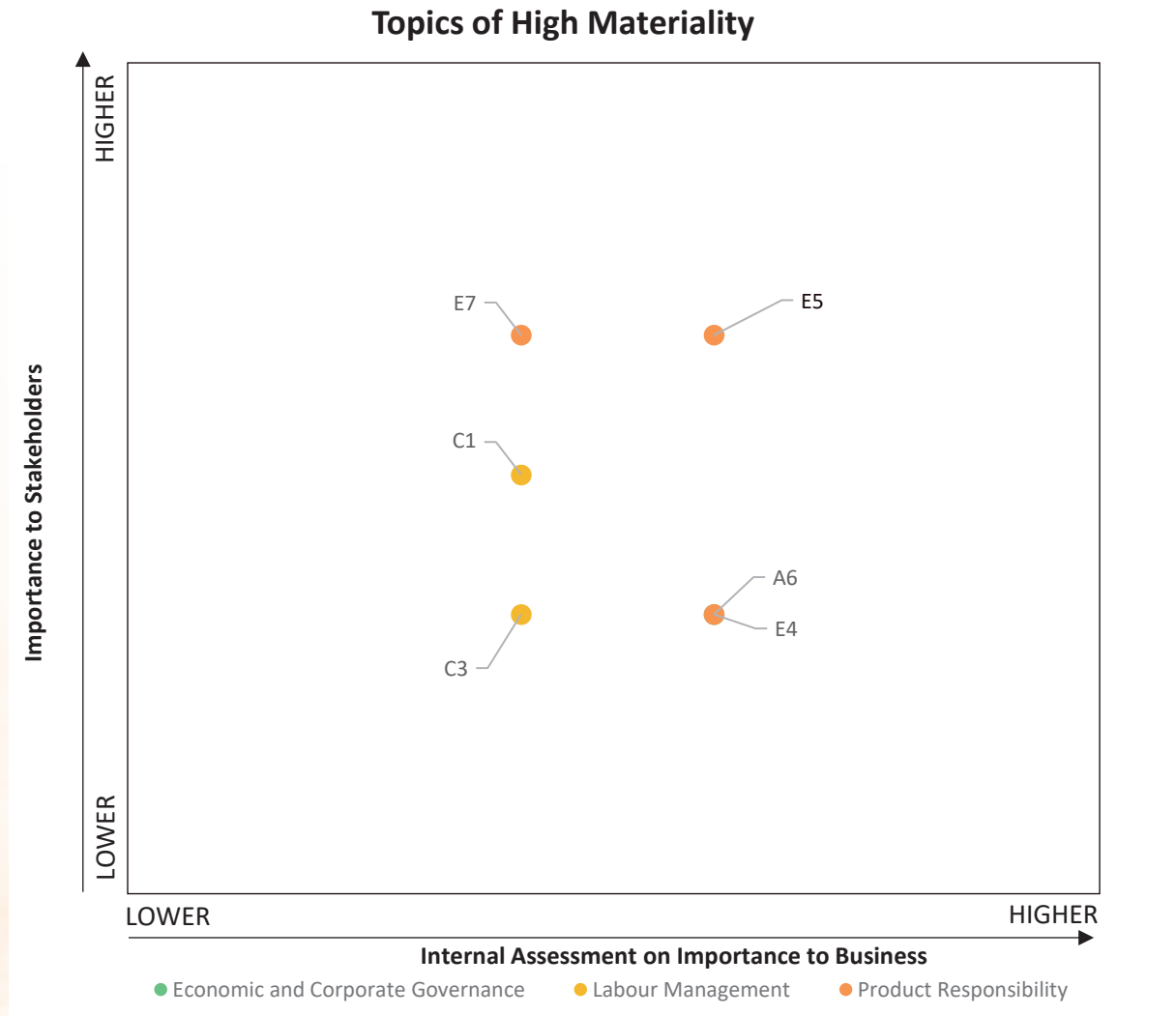
A	Economic and Corporate Governance	D	Human Rights
1	Economic Performance	1	Non-discrimination
2	Market Presence	2	Freedom of Association and Collective Bargaining
3	Indirect Economic Impacts	3	Preventing Child Labour
4	Procurement Practices	4	Preventing Forced or Compulsory Labour
5	Anti-corruption	5	Rights of Indigenous Peoples
6	Anti-competitive Behaviour	6	Human Rights Assessment
7	Tax	7	Security Personnel Practices
8	Socioeconomic Compliance		
B	Environmental	E	Product Responsibility
1	Material Consumption	1	Product Quality
2	Energy Management	2	Customer Health and Safety
3	Water and Effluents Management	3	Marketing and Labeling
4	Biodiversity	4	Customer Satisfaction
5	Emissions	5	Customer Privacy
6	Waste Management	6	Information Security
7	Environmental Compliance	7	Intellectual Property Rights
8	Climate Change Responses	8	Supplier Environmental Assessment
9	Environmental Protection Policies	9	Supplier Social Assessment
10	Green Product Research and Development	10	Innovation and advanced technology
C	Labour Management	F	Social Participation
1	Employment	1	Community Investment
2	Labour/Management Relations	2	Public Policy
3	Occupational Health and Safety		
4	Training and Education		
5	Diversity and Equal Opportunity		

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. OUR SUSTAINABILITY APPROACH – *continued*

Stakeholder Engagement and Materiality Assessment – *continued*

Materiality Matrix – *continued*



The material aspects identified as most important to stakeholders and the business were all social aspects, the top six material aspects included:

- Anti-competitive Behaviour
- Occupational Health and Safety
- Employment
- Customer Satisfaction
- Customer Privacy
- Intellectual Property Rights

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. OUR SUSTAINABILITY APPROACH – *continued*

Stakeholder Engagement and Materiality Assessment – *continued*

Assessment of Impacts

In addition to engaging with the Group's stakeholders, both the Board and management have conducted thorough assessments of the actual and potential impacts arising from the Group's operations. Through these assessments, the Group aims to identify and understand the material topics of its operations, including the dimensions of economic and corporate governance, environmental, labour management, human rights, product responsibility and social participation. These assessments have been conducted based on the advice of external professionals and the Materiality Map of SASB Standards. The significance of these impacts has also been evaluated.

The Group engages with affected stakeholders to understand their concerns and gather input on effective remediation strategies. Moving forward, the Board and management will regularly evaluate the materiality of topics through the use of a materiality matrix and impact assessment. This ongoing process will enable them to stay informed about the significance of various issues and ensure that the Group's ESG reporting remains comprehensive and aligned with the evolving needs and expectations of stakeholders.

The Top Material Topics of the Group and Their Boundaries

In the current reporting period, the Group reviewed the key topics and updated the material topics based on the new stakeholder materiality assessment, which identified several key topics that are essential to the Group's operations and stakeholders with a score of the 75th percentile or above. There were 6 material topics identified. Anti-competitive behaviour and occupational health and safety have consistently remained significant over the past few reporting periods, while employment, customer satisfaction, customer privacy, and intellectual property rights were newly added during the reporting period.

For a more comprehensive overview, please refer to the table below, which highlights the impact boundaries and the Group's management approach to these material topics. For more detailed information, consult the relevant sections within this ESG Report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. OUR SUSTAINABILITY APPROACH – *continued*

Stakeholder Engagement and Materiality Assessment – *continued*

The Top Material Topics of the Group and Their Boundaries – *continued*

Material Topics	Impact Boundaries				Management Approach
	Employees	Customers	Suppliers	Shareholders & Investors	
Anti-competitive Behaviour	✓		✓	✓	<ul style="list-style-type: none"> – Prohibition of anti-competitive practices, and in compliance with laws and regulations. – Protection of confidential information. – Management of conflicts of interest. – Training and communication on the Code of Business Conduct. – Annual completion of confirmation and declaration forms regarding the Code of Business Conduct and conflicts of interest.
Occupational Health and Safety	✓		✓		<ul style="list-style-type: none"> – Comprehensive safety policies, including training and evacuation exercises. – Fire safety provisions, first-aid kits, and regular checks. – Promptly addresses and investigates occupational incidents. – Compliance with relevant laws and regulations.
Employment	✓		✓		<ul style="list-style-type: none"> – The Group's human resources policy outlines recruitment, promotion, conduct, and benefits. – Compliance with relevant laws and regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. OUR SUSTAINABILITY APPROACH – *continued*

Stakeholder Engagement and Materiality Assessment – *continued*

The Top Material Topics of the Group and Their Boundaries – *continued*

Material Topics	Impact Boundaries				Management Approach
	Employees	Customers	Suppliers	Shareholders & Investors	
Customer Satisfaction		✓			<ul style="list-style-type: none"> – Ensure good product quality. – Establish standardised procedures ensuring product consistency and quality.
Customer Privacy		✓			<ul style="list-style-type: none"> – Only collect necessary personal data and use it solely for intended purposes with consent. – No transfer or disclosure of personal data without consent. – Maintain security and compliance with relevant laws and regulations.
Intellectual Property Rights	✓			✓	<ul style="list-style-type: none"> – The Group collects IP information on custom products and consults suppliers on IP rights. – Employees must follow confidentiality agreements in Code of Business Conduct. – The Group systematically registers and manages its IP rights.

The assessment results have provided important references for the Group to enhance its ESG performance and disclosure. The Group regularly reviews ESG risks of its business and ensures compliance with relevant laws and regulations. It will continue to identify areas of improvement for the concerned aspects and keep in close communication with its stakeholders to gain further insights on ESG material aspects.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. OUR SUSTAINABILITY APPROACH – *continued*

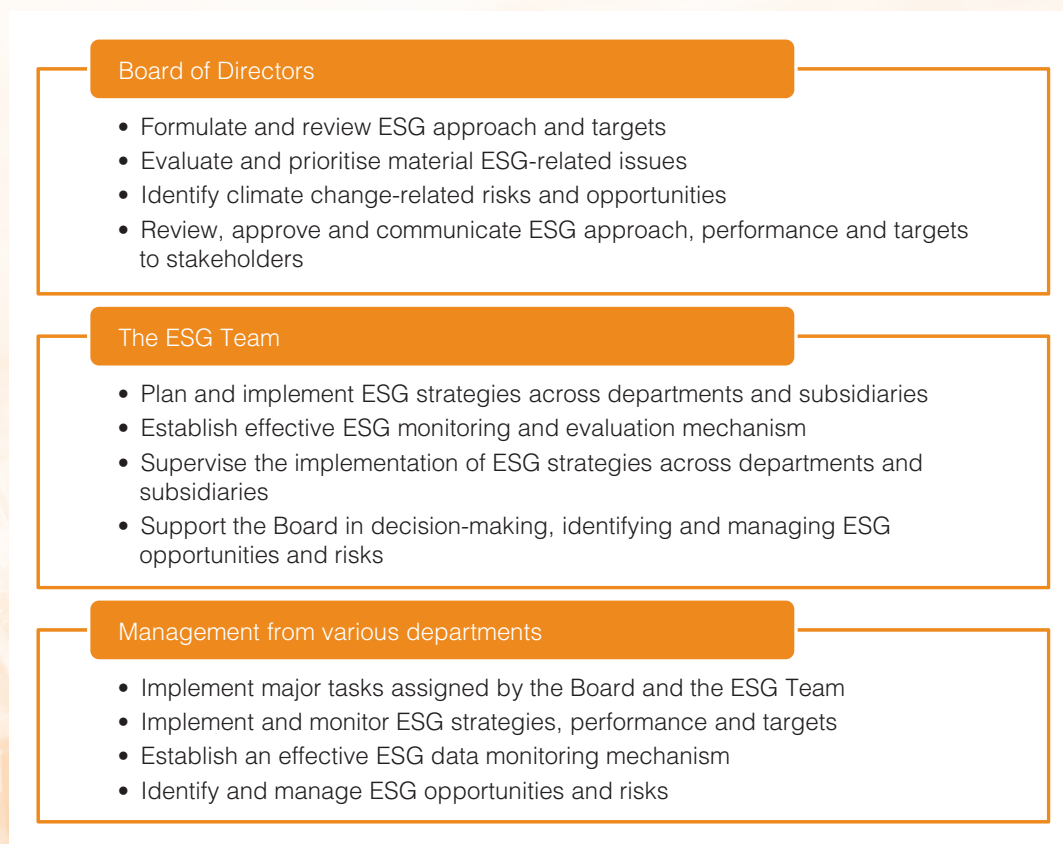
Sustainability Governance

The Group has established an ESG Team that is responsible for the systematic planning and implementation of sustainability strategies across its departments and subsidiaries. This team is coordinated by the financial consultant and consists of members from the Finance and Accounting Department and Human Resources Department. Their primary role is to support the Board in ensuring effective ESG risk management and internal control systems.

The ESG Team provides annual reports to the Board, which include updates on ESG activities and progress. The Board convenes annually to assess and prioritise material ESG-related issues, evaluate risks and opportunities associated with climate change, and review ESG targets.

To integrate sustainability into the Group's business practices, the Board has established a robust governance structure. This structure facilitates the communication of ESG strategies, the review of ESG performance and targets, and the evaluation of ESG risks and opportunities throughout the Group.

The following table outlines the governance structure and the responsibilities of different parties involved:



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. OUR SUSTAINABILITY APPROACH – *continued*

Sustainability Governance – *continued*

Aside from the rigid sustainability governance structure, the audit committee of the Board (the “Audit Committee”) ensure the effectiveness of the Group’s financial control, operational control, internal control, compliance control, information technology control and risk management and internal control systems. Details are shown in the Corporate Governance Report of the Annual Report 2025.

Governance Structure and Composition

The Board leads the Group by providing strategic and effective governance. The chairman is responsible for giving guidance on the corporate direction of the Group and is also involved in the scheduling and chairing of Board meetings and controlling the quality, quantity and timeliness of information supplied to the Board.

The responsibility of the chairman includes:

- leads the Board to ensure its effectiveness on all aspects of its role;
- promotes a culture of openness and debate at the Board;
- ensures effective communication with shareholders;
- encourages constructive relations within the Board and between the Board and management
- facilitates the effective contribution of INEDs; and
- promotes high standards of corporate governance.

To prevent and mitigate conflicts of interest, a lead independent director has been appointed to provide leadership in situations where conflict of interest potentially exists when the chairman executes his duties. If a director has a conflict of interest in a matter to be considered by the Board, which the Board has determined to be material, the matter will be dealt with by a physical Board meeting rather than a written resolution. All directors facing conflicts of interest will recuse themselves from discussions and decisions involving the issues of conflict.

The Board comprises 1 executive director, 1 non-executive director and 4 independent non-executive directors (the “INED”) as of December 31, 2025. The tenure of services for the members on the Board is 2 years. While the Board has no cross-board membership, cross-shareholding with suppliers and other stakeholders, and transactions and outstanding balances with related parties during the reporting period, as per the Listing Rules, the Board shall make sure to disclose the existence of controlling shareholders or any related parties, their relationships, transactions, and outstanding balances if such entities exist. Details are shown in the sections “Material Contracts” and “Controlling Shareholders’ Interests in Transactions, Arrangements or Contracts of Significance” of the Annual Report 2025.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. OUR SUSTAINABILITY APPROACH – *continued*

Sustainability Governance – *continued*

Governance Structure and Composition – *continued*

The competencies of the Directors relevant to the Group’s impacts are described in the “Board of Directors” section of the Annual Report 2025. The list of Directors and their gender and roles and functions as of December 31, 2025 is shown below.

Director	Gender	Roles	Audit Committee	Nomination Committee	Remuneration Committee	Compliance Committee	Employee Share Option Scheme Committee
Xie Lishu	M	Chairman of the Board and Executive Director	-	-	-	-	chairman
Huang Shaoli	F	Non-executive Director	-	member	-	-	-
Chong Eng Wee	M	INED and Lead Independent Director	member	chairman	member	member	-
Lau Chin Huat	M	INED	chairman	member	member	member	-
Tso Sze Wai	M	INED	member	member	chairman	member	member
Jiang Maolin	M	INED	member	member	member	chairman	-

Board Selection and Diversity

In order to support its strategic objectives and sustainable development, the Group views enhancing diversity at the Board level as a crucial factor in achieving a balanced and sustainable development. The Company has implemented a nomination policy and board diversity policy to promote diversity and inclusion in its corporate governance practices. The nomination policy sets out the approach to guide the nomination committee (the “Nomination Committee”) of the Board in relation to selection, appointment and re-appointment of the directors of the Company. The board diversity policy sets out the framework that the Company has in place to achieve and maintain the appropriate diversity of the Board. Through these policies, the Company aims to ensure that the Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to the requirements of the Group’s business.

The Nomination Committee may consult any source it considers appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, and recommendations from a third-party agency firm with due consideration given to the above criteria and may adopt any process it considers appropriate in evaluating the suitability of the candidates, such as interviews and background checks. The remuneration committee (the “Remuneration Committee”) of the Board considers the remuneration package for the selected candidate. In the case of re-appointment of a retiring Director, the Nomination Committee will evaluate the overall contribution and service of the retiring Director to the Company. The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment or re-appointment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. OUR SUSTAINABILITY APPROACH – *continued*

Sustainability Governance – *continued*

Board Selection and Diversity – *continued*

The Nomination Committee evaluates, selects and recommends candidate(s) for directorships to the Board and evaluates and recommends the retiring Director(s) for re-appointment by giving due consideration to certain criteria, including but not limited to,

- (i) diversity in the aspects, amongst others, of gender, age, cultural and educational background, professional experience, skills, knowledge and length of service;
- (ii) commitment for responsibilities of the Board in respect of available time and relevant interest;
- (iii) qualifications, both academic and professional, including accomplishment and experience in the relevant industries in which the Company's business is involved;
- (iv) independence (for the INEDs);
- (v) reputation for integrity;
- (vi) potential contributions that the individual can bring to the Board; and
- (vii) plan(s) in place for an orderly succession of the Board.

Shareholders may put forward proposals in general meetings to nominate any person to stand for election as a director of the Company according to the Company's procedures for shareholders to propose a person for election as a director.

The Group values gender diversity and recognises the importance of representation. Currently, the Board comprises 5 male directors and 1 female director.

Remuneration Policies

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 and the eligible employees for their contribution to the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. OUR SUSTAINABILITY APPROACH – *continued*

Sustainability Governance – *continued*

Remuneration Policies – *continued*

Further, 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.

Although there are no independent remuneration consultants, the Code of Corporate Governance 2018 of Singapore requires all Remuneration Committee members to be non-executive directors (“NEDs”), with the majority (including the Chairman of the Remuneration Committee) to be independent directors. At all times during the reporting period, all members of the Remuneration Committee are INEDs.

The Remuneration Committee has adopted a framework which consists of a base fee to remunerate INEDs based on their appointments and roles in the respective committees of the Board, taking into account the level of contribution and factors such as effort, time spent and responsibilities. Directors’ fees to be paid to the INEDs will be tabled for the approval by the Company’s shareholders. The Directors’ fees are reviewed annually to ensure that the INEDs are not overcompensated to the extent that their independence may be compromised. For details of the five highest paid individuals for the reporting period, please refer to the “Remuneration and Benefits of Directors and Top Five Key Executives” section of the Annual Report 2025.

The Board’s Engagement

The Board engages the Group’s internal and external stakeholders through various channels stated in the section “Stakeholder Engagement and Materiality Assessment” of this ESG Report. The Board receives substantial stakeholders’ feedback on the Group’s ESG performance through monthly and quarterly meetings with various departments. The received feedback will be taken into consideration during meetings of the Board annually, where the effectiveness of the Board’s governance and management of the Group’s impacts on economy, environment and the people is also reviewed.

In November 2022, the Board has rolled out the shareholders’ communication policy which outlined how the Company’s shareholders can access information and express their views on matters impacting the Group. The policy also details how the Company seeks to understand its shareholders’ perspectives and facilitates active stakeholder engagement. Critical concerns can be raised by stakeholders through channels stated in the shareholders’ communication policy and “Stakeholders’ Feedback” of this ESG Report to the company secretary of the Company (the “Company Secretary”). Critical concerns will be reported to the Board by the Company Secretary and addressed by the Board immediately. There were no collective bargaining agreements in the Group during the reporting period. During the reporting period, the Group has not received critical concerns raised by stakeholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. OUR SUSTAINABILITY APPROACH – *continued*

Sustainability Governance – *continued*

Collective Knowledge of the Board

The Board recognises the importance of appropriate training for its directors and participation in continuous professional development by its directors. All the directors and senior management personnel are encouraged to participate, at the Company's expense, in continuous professional development to develop and refresh their skills and knowledge, particularly on relevant new laws and regulations affecting, and the changing commercial risks relating to, the Group's business and governance practices from time to time.

To ensure a well-informed and knowledgeable Board, the Group has established training programs for directors. All first-time directors undergo training programs specifically designed for them, conducted by the Singapore Institute of Directors, as prescribed under Rule 720(7) of the Listing Manual set out by the SGX-ST. These programs include essential training on environmental, social, and governance (ESG) matters, recognising the significance of these aspects in the current business landscape.

In addition, experienced directors also receive training on sustainability matters unless they already possess expertise in this area. This training requirement is prescribed by the SGX-ST. By providing sustainability training to experienced directors, the Group aims to enhance their knowledge and understanding of sustainability issues and their relevance to the Group's operations.

These training initiatives ensure that the Board members possess the necessary knowledge and understanding of ESG and sustainability matters, enabling them to effectively address these issues in their decision-making processes.

Due Diligence

The Board and the senior management of the Group strive to avoid or minimise negative impacts on the economy, environment and people, including impacts on their human rights whenever possible. Upon identification of potential negative impacts, the Group will develop corresponding prevention or mitigation measures. If the Group's operation has caused actual negative impact, the Group will spare no effort to remediate the impacts. The Group's impacts on the economy, people and the environment and their corresponding prevention or mitigation measures are described in the sections "Business Strategy", "Environmental", "Climate Change" and "Social" of the ESG Report respectively.

Stakeholders' Feedback

The Group welcomes stakeholders' feedback on its ESG approach and performance. Please give your suggestions or share your views with us by sending your opinion to esg@willas-array.com.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2. BUSINESS STRATEGY

Willas-Array has a strategic objective to maintain robust and sustainable growth while creating and sharing long-term value with its stakeholders. It upholds a strong sense of social responsibility and holds on to its mission.

As one of the largest Hong Kong-based distributors of electronics components in the Greater China region, the Group has always been keeping abreast of the market needs and trends. Bolstered by the Chinese government's plan in increasing domestic consumption and achieving carbon neutrality, the Group has been exploring new market opportunities and accelerating the low-carbon transformation of its products. It has gradually shifted its focus of development to providing clean energy and low-carbon solutions in the automotive and industrial segments. In particular, the Group will strengthen sales in Greater China and expand the product portfolio to grow and diversify its revenue base.

Building a talent pool and nurturing talents are crucial to the Group's success. The Group allocates abundant resources to retaining talents, promoting occupational health and safety, providing comprehensive training programmes and collecting feedback from employees. It treasures feedback from its employees and provides employees with a clear career path with job advancement opportunities.

The Group prides itself on the long-standing relationships and close cooperation with its suppliers and clients. Maintaining long-term relationships with its partners provides opportunities for continual improvements and enables value sharing. The Group seeks to leverage the strengths of collaborating partners to provide an exceptional customer experience to clients. To align the expectations of collaborating parties, the Group has established open and effective communication channels with its suppliers and clients.

During the reporting period, the Group received no financial assistance from any government. There was no government ownership in the Group's shareholding structure.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. ENVIRONMENTAL

Emissions

The Group is committed to continual improvement in its environmental performance by striving for more efficient resource utilization, waste reduction, energy conservation, and raising environmental awareness among its staff. To guide the implementation of environmental initiatives, the Group has an environmental policy in place. The policy encourages staff to contribute their ideas on green practices and fosters staff engagement and contribution to environmental protection.

To promote environmental awareness and participation among employees, the Group has organised various activities, including the establishment of a “Green Corner” in its Hong Kong, Shenzhen, and Shanghai offices. Furthermore, in collaboration with CLP Power Hong Kong Limited, the Group has upgraded the lighting fixtures at its headquarters office to energy-efficient and environmentally friendly LED tubes, replacing the previous incandescent and fluorescent lamps used before December 2021. The Group already successfully replaced all incandescent and fluorescent tubes at the Shanghai office and warehouse with LED lighting.

The Group will regularly review the necessity of target setting in its operations, taking into account its environmental performance and evolving priorities. By continuously evaluating its environmental practices, the Group aims to uphold its commitment to environmental sustainability.

Air Emissions and Targets

During the reporting period, petrol was consumed by the Group-owned vehicles, which contributed to the emission of 2.52 kg of nitrogen oxides (“NO_x”), 0.23 kg of sulphur oxides (“SO_x”) and 0.18 kg of particulate matter (“PM”). The emissions of NO_x, SO_x and PM increased significantly, mainly due to the greater consumption of petrol and the increased mileage travelled by the Group’s vehicles, which are frequent used in both Hong Kong and the mainland China.

Air Pollutants Data ¹	In FY 2025	In FY 2024	
		(April 1 – December 31)	In FY 2023/24
NO _x (in kg)	2.52	0.74	3.2
SO _x (in kg)	0.23	<0.01	0.13
PM (in kg)	0.18	0.05	0.24

¹ The calculation of air pollutants is made reference to the “Appendix 2: Reporting Guidance on Environmental KPIs” issued by SEHK, “Oil Information database documentation” published by International Energy Agency and “Technical Guidelines for Compiling Emission Inventories of Atmospheric Pollutants from Road Motor Vehicles (Trial)” published by International Energy Agency Ministry of Ecology and Environment of the People’s Republic of China.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. ENVIRONMENTAL – *continued*

Emissions – *continued*

Air Emissions and Targets – *continued*

Although the Group's business activities generate minimal air pollutants, we are committed to further reducing air pollution, minimising petrol consumption, and shortening travel distances whenever possible.

Hazardous Waste

Although no substantial hazardous waste was generated by the Group, a small number of batteries and toner cartridges were used for office electronic devices and printers. Used batteries were collected separately with the collection trays at offices and recycled at the designated public collection points in metro stations or building management collection points. Used toner cartridges were collected and recycled by suppliers. There were no batteries and toner cartridges disposal, hence no hazardous wastes generated by the Group during the reporting period.

Non-hazardous Waste

During the reporting period, the Group generated 6.25 tonnes of non-hazardous waste, with an intensity of 0.02 tonne/employee. The type of non-hazardous waste generated by the Group was household waste.

Non-hazardous Waste Data	In FY 2024		
	In FY 2025	(April 1 – December 31)	In FY 2023/24
Non-hazardous waste (in tonnes)	6.25	5.15	10.87
Non-hazardous waste generation intensity (in tonnes/employee) ²	0.02	0.02	0.04

Waste Reduction and Targets

Although the waste generated from the Group's business activities was minimal, the Group has made efforts to reduce waste generation, reuse materials, and recycle as much as possible. During the reporting period, the Group successfully achieved the target set in the previous reporting period, with a non-hazardous waste generation intensity of 0.02 tonnes/employee, which does not exceed 0.04 tonnes/employee.

² The total number of employee included in the Reporting Scope were 253 in FY2025, 246 in FY2024 and 268 in FY2023/24.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. ENVIRONMENTAL – *continued*

Emissions – *continued*

Waste Reduction and Targets – *continued*

The Group's environmental policy places significant emphasis on compliance with relevant laws and regulations, to ensure that waste handling practices exert no detrimental impacts on the environment and human health. In its waste management endeavors, the Group consistently adheres to the principles of reduction, reuse, recycling, and replacement.

To effectively minimise paper consumption, the Group has implemented a series of practical measures. An electronic leave-application system has been introduced for leave requests, payslip distribution, and business-trip applications, which has significantly reduced the reliance on printed documents. The Group has also replaced printed company brochures with e-brochures that are distributed electronically to customers. Employees are actively encouraged to reuse single-sided paper, envelopes, and carton boxes within the Group. They are also encouraged to bring their own containers or water bottles for beverages when attending meetings or going out. Additionally, the Group promotes the use of electronic communication means for interacting with clients and marketing products.

Regarding the promotion of waste source separation, the Group has installed green collection boxes in the workplace specifically for gathering paper intended for reuse or recycling. In addition, collection bins for plastic bottles and aluminum products have been provided for recycling purposes. The Group actively guides employees to properly pre-process recyclable materials before placing them in the designated collection bins. The Human Resources Department is tasked with delivering the collected recyclable waste to the nearest public recycling bins. However, the Group has not recorded the amount of paper being recycled.

This reporting period, the Group has established a waste reduction target for the next reporting period. The target is to ensure that the intensity of non-hazardous waste disposal does not exceed 0.04 tonnes/employee. To reduce waste generation, the Group will take the following measures: put up signages related to waste reduction to raise awareness; provide training to employees on waste reduction methods; install recycling bins for paper and plastic waste and ensure that the collected waste is sent to reliable recyclers; and formulate measures to reduce kitchen and food waste.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. ENVIRONMENTAL – *continued*

Use of Resources

The Group has not established policies on the efficient use of resources, nevertheless, employees are reminded of resource conservation practices in offices.

Energy Consumption

Energy Consumption Data ³	In FY 2025	In FY 2024	
		(April 1 – December 31)	In FY 2023/24
Electricity (in MWh)	585.76	498.84	774.95
Petrol (in MWh)	137.45	2.72	83.22
TOTAL (in MWh)	723.21	501.56	858.17
Energy Consumption Intensity (in kWh/ft²)⁴	9.06	4.66	7.97
Energy Consumption Intensity (in kWh/employee)⁵	2,858.54	2,038.86	3,202.13

The Group's total energy consumption was 723.21 MWh during the reporting period, with an overall energy intensity of 9.06 kWh/ft² and 2,858.54 kWh/employee. No renewable energy and non-renewable energy were used or sold by the Group. The consumption of petrol increased significantly, mainly due to the frequent used of the Group's vehicles in both Hong Kong and the Chinese mainland.

Energy Use Efficiency Initiatives and Targets

Electricity is the primary type of energy consumption in the Group's warehouses. The Group is committed to controlling energy consumption levels while providing a comfortable working environment for employees and maintaining suitable temperature and humidity conditions for inventory preservation. This is achieved through the use of air-conditioners and ceiling fans in the warehouses. To enhance energy efficiency, the Group actively monitors energy consumption in the Hong Kong warehouse. Various measures have been implemented, such as adjusting air-conditioner temperatures based on weather conditions and turning off some air-conditioning units after normal work hours to reduce unnecessary energy usage.

³ The calculation of energy consumption is made reference to the "Appendix 2: Reporting Guidance on Environmental KPIs" issued by SEHK, "Oil Information database documentation" issued by International Energy Agency, and "China Energy Statistical Yearbook 2023" published by the National Bureau of Statistics of China.

⁴ The total area of office and warehouse included in the Reporting Scope were approximately 79,814ft² in FY2025, and 107,662ft² in FY2024 and FY2023/24.

⁵ The total number of employee included in the Reporting Scope were 253 in FY2025, 246 in FY2024 and 268 in FY2023/24.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. ENVIRONMENTAL – *continued*

Use of Resources – *continued*

Energy Use Efficiency Initiatives and Targets – *continued*

In office areas, employees are encouraged to switch off monitors when away from their desks for more than 15 minutes. Additionally, all computers, printers, and office equipment should be switched off after office hours, and power-saving modes should be enabled whenever possible. The Group also prioritises the procurement of equipment with energy-efficient features, including appliances with Grade 1 energy labels under the Mandatory Energy Efficiency Labelling Scheme in Hong Kong. The Group has been actively exploring opportunities to transition from incandescent and fluorescent tubes to LED lighting. The headquarters office in Hong Kong has completed the phased transition to LED lighting. The Group has replaced all incandescent and fluorescent tubes with LED lighting at the Shanghai office.

During the reporting period, the Group's total energy consumption was 2.86 MWh/employee, exceeding the target set in the previous reporting period of 2.03 MWh/employee. The Group will remind staff and enhance the promotion of energy-saving measures. The energy consumption reduction target for the next reporting period aims to ensure that the intensity of energy consumption does not exceed the current reporting period's level of 2.86 MWh/employee.

Water Consumption

The Group consumed freshwater supplied by the municipal freshwater supplier. Water was mainly consumed for domestic use, in which the consumption amount was minimal. Water consumption of the warehouses in Shanghai during the reporting period was 170 m³, with an intensity of 0.002 m³/ft² and 0.67 m³/employee. The rise in water consumption is attributed to the increase in orders. Water consumption of the offices was not included since the consumption was managed by the building management, thus relevant data was not accessible. There was no issue in sourcing water for the Group's business operation.

Water Consumption	In FY 2025	In FY 2024	
		(April 1 – December 31)	In FY 2023/24
Water consumption (in m ³)	170	53	149
Water Consumption Intensity (in m ³ /ft ²) ⁶	<0.01	<0.01	<0.01
Water Consumption Intensity (in m ³ /employee) ⁷	0.67	0.22	0.56

⁶ The total area of office and warehouse included in the Reporting Scope were approximately 79,814ft² in FY2025, and 107,662ft² in FY2024 and FY2023/24.

⁷ The total number of employee included in the Reporting Scope were 253 in FY2025, 246 in FY2024 and 268 in FY2023/24.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. ENVIRONMENTAL – *continued*

Use of Resources – *continued*

Water Use Efficiency Initiatives and Targets

The Group encourages water conservation and reduces water wastage whenever possible. It has installed water-saving devices and examined water pipes regularly to avoid water leakage. Since fresh water was used for domestic use and the consumption is insignificant, only directional targets were set. Our target is to reduce water consumption as much as practicable and to reuse and recycle water resources as much as possible.

Packaging Materials and Targets

During the reporting period, the Group consumed a total of 3,227 kg of packaging materials, including cartons, packaging films, bubble wraps, etc., with a consumption density of 0.04 kg/ft².

Type of Packaging Materials	In FY 2024		
	In FY 2025	(April 1 – December 31)	In FY 2023/24
Bubble Wrap/Wrapping films (in tonnes)	0.21	0.13 ⁸	0.18
Cartons (in tonnes)	3.02	2.93	6.74
TOTAL (in tonnes)	3.23	2.96⁸	6.92
Consumption Intensity (in kg/ft²)⁹	0.04	0.03	0.06

Since the consumption of packaging materials is insignificant, only directional targets were set. The Group aims to minimise the use of packaging materials. Whenever possible, we use original packaging and dry ice supplied by our vendors for delivery. Unless specifically requested by customers, all original carton boxes should be used for shipping. In case the original packaging is inadequate for product protection or repackaging is required for small orders, the Group uses bubble/plastic wraps and cardboard boxes for packaging. Bubble/plastic wraps included bubble wraps, shrink wrap films and inflated bags. All pallets, unused carton boxes and inflated bags should be reused or recycled. Suppliers are also encouraged to reduce the use of unnecessary packaging materials.

The Environment and Natural Resources

During the reporting period, the Group's sources of emissions included petrol, electricity, paper, water, and business air travel. The Group maintained strict compliance with national and local laws and regulations pertaining to air and greenhouse gas emissions, discharges into water and land, and the generation of hazardous and non-hazardous waste. No instances of non-compliance that significantly impacted the Group were recorded during the reporting period in relation to air and GHG emissions, discharges into water and land, and the generation of hazardous and non-hazardous waste.

⁸ The data for bubble wrap and wrapping films in FY2024 has been restated due to updates in statistical methodology.
⁹ The total area of office and warehouse included in the Reporting Scope were approximately 79,814ft² in FY2025, and 107,662ft² in FY2024 and FY2023/24.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. ENVIRONMENTAL – *continued*

The Environment and Natural Resources – *continued*

As a responsible organization, the Group is committed to minimising waste and maximising the utilization of resources. When developing new product sales, the Group takes a precautionary approach and considers the potential environmental impacts associated with the product life cycle. Furthermore, the Group will continue to monitor its resource consumption and waste generation, aiming to reduce any adverse environmental impact. By maintaining a proactive stance and implementing sustainable practices, the Group strives to mitigate its environmental footprint and contribute to a more sustainable future.

4. CLIMATE CHANGE

Climate change presents a universal challenge, and the PRC, as the largest developing nation, recognises the necessity of addressing climate change. In 2020, the PRC government implemented decisive policies and measures with two key commitments: to reach carbon peaking before 2030 and carbon neutrality before 2060. Additionally, in 2021, the Hong Kong government promulgated the Hong Kong Climate Action Plan 2050, which aims for carbon neutrality by 2050. In accordance with both national and local policies, businesses are increasingly responding to climate change, and the Group acknowledges the significant impacts of climate change and the need for prompt action. It faces risks from both physical and transition impacts of climate change. However, the Company also recognises the opportunities arising from the transition to a low-carbon economy. The Group is dedicated to managing these risks and capitalising on the opportunities presented by sustainable business development. This year, the Group disclose climate-related information, in line with the four core elements recommended by the TCFD and IFRS S2 framework, Governance, Strategy, Risk Management and Metrics and Targets.

Governance

The Board has the responsibility to oversee the Group's strategy and risk management, including identification and assessment of climate-related risks and opportunities. The Board evaluates ESG performance of the Group including climate-related issues and reviews the effectiveness of governance and management practices in addressing these issues. The Group has established clear roles and responsibilities for overseeing climate-related risks and opportunities and engages regularly with stakeholders to understand their perspectives and concerns. The management of the Group assists the Board to identify climate-related risks and opportunities, assesses the likelihood and potential of relevant physical and transition risks, and develops appropriate strategies to mitigate risks and capitalise on opportunities. The Board and the management regularly reviews and monitors effectiveness of climate-related strategies to ensure they remain relevant and effective in addressing climate-related risks and opportunities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4. CLIMATE CHANGE – *continued*

Governance – *continued*

During the reporting year, the Group has not yet established an ESG Committee, as the Board of Directors is fully equipped to fulfill its responsibilities in this area. To ensure a knowledgeable Board, the Group has established training programs for directors, including essential training on ESG matters and sustainability. These initiatives ensure Board members to effectively address these issues in their decision-making processes. Details are described in the sections “Collective Knowledge of the Board” of the ESG Report.

Although specific policies have yet to be formulated, the Group has implemented practices to ensure the integration of climate-related risks and opportunities into its decision-making processes. Moreover, the Group’s governance practices and performance in this regard have been communicated to stakeholders through this ESG Report. The ESG team is responsible for systematic planning and implementation of sustainability strategies across its departments and subsidiaries, with more details are described in the “Sustainability Governance” section of the ESG Report.

Strategy

The Group considers climate change not only as a risk to mitigate but also as an opportunity for the Group to explore new market opportunities and foster the low-carbon transformation of its products. The shift in consumer preferences for low-carbon products led to increasing demand for home appliances with energy-saving and energy-efficient features. The sustainable policies in China have also supported the Group to expand its product portfolio towards the provision of clean energy and low-carbon solutions in the automotive and industrial segments. In terms of climate-related risks, the Board has identified the risks and assessed the potential impacts. In particular, the policy transition risks and the physical risks are the significant risks that would affect the Group’s operation.

The Group has identified relevant climate-related risks (such as cyclones, hurricanes, storm surges and floods, shifts in climate patterns, high exposure to natural disasters, policy and legal, reputation risk) and opportunities (such as new markets) relevant to our assets, operations and service. These factors are significant and may impact the Group’s business strategy, operational performance and financial performance in the short term (by 2028), medium term (by 2040) and long term (by 2060). The time horizons are consistent with our strategic targets and corresponding response measures.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4. CLIMATE CHANGE – *continued*

Strategy – *continued*

Climate risks and opportunities are assessed based on the geographical characteristics and time horizons, while the trends and potential financial impacts affecting the Group are shown below. We will review the results of climate risk assessment annually to ensure it reflects the latest situation, and our strategic planning will be adjusted when needed. These climate risks and opportunities, along with their impacts on our business model and value chains are discussed below.

	Climate Risks and Opportunities	Time horizon	Trend	Potential impacts on our business model and value chains
Physical Risks	Acute risk	Short to medium term	Increase	With extreme weather events of cyclones, hurricanes, storm surges and floods in increased severity, the warehouses of the Group may face property damage, business interruption and supply chain disruptions. They bring about damage of warehouses and inventory, resulting in repair and replacement costs, loss of revenue from disrupted operations and potential increases in insurance premiums.
	Chronic risk	Long term	Increase	Longer-term shifts in climate patterns can increase operating costs and reduce revenue, resulting from higher energy and water costs, as well as increased maintenance and repair expenses for the warehouses. The Group may also face challenges for reduced availability of insurance on assets in locations with high exposure to natural disasters.
Transition Risks	Policy and legal risk	Short term	Increase	Upon implementation of tightened environmental laws and the carbon pricing system could result in increased compliance costs for the Group such as investments in clean energy technologies or changes to supply chain practices. These increase compliance costs and reduce revenue of the Group.
	Reputation risk	Medium to long term	Increase	Negative perceptions of the Group's environmental and sustainability-related practices could impact its brand value and customer loyalty. As a result of reputational damage, the Group may face increased costs in marketing and implementation of sustainability initiatives.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4. CLIMATE CHANGE – *continued*

Strategy – *continued*

	Climate Risks and Opportunities	Time horizon	Trend	Potential impacts on our business model and value chains
Opportunities	New market opportunities	Long term	Increase	The shift in consumer preferences led to increasing demand for home appliances with energy-saving and energy-efficient features. The sustainable policies in China have also supported the Group to expand product portfolio towards low-carbon solutions in the automotive and industrial segments.

In the short, medium, and long term, we have built a sufficient capacity to adapt our strategy and business model to address climate change. This encompasses securing necessary financial resources, personnel, expertise, and a solid set of policies to effectively navigate and respond to the changing risks and opportunities associated with climate change.

During this reporting year, the Group has not conducted climate-related scenario analysis to assess physical and transition risks, as well as climate-related opportunities. As a result, the Group is currently unable to quantify the anticipated financial impacts due to the existing uncertainties surrounding these risks and opportunities. We will consider conducting climate-related scenario analysis in the future to improve our ability to quantitatively assess the financial impacts of climate-related factors.

Risk Management

The assessment and prioritisation of climate related risks and opportunities are based on the severity of their potential impacts and their relevance to the Group's business scope, including our business model and value chain. We also carefully evaluate the differential impacts of climate change by geographic location and specific activities, as these impacts vary across the Group's operating regions, industry sectors, and positions within the value chain. Furthermore, the Group recognises that climate related risks with longer time horizons may evolve across the short, medium, and long term due to changing drivers, and their scope of impact may extend beyond traditional business planning cycles.

An ESG risk assessment was carried out by evaluating the possibility and impact of each identified risk, categorising them into three levels: high, medium, and low. The overall risk levels are then classified into the risk levels, high, medium and low based on the possibility and impact ratings. The overall risk level was then prioritised by the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4. CLIMATE CHANGE – *continued*

Risk Management – *continued*

Risk levels	Definition of the overall risk levels
High	Risks at this level may have serious consequences. It is highly likely that there will be some impacts to the Group and hindrance for the Group to achieve strategic goals.
Medium	Risks at this level may have serious consequences, but they are less likely to occur. Conversely, the consequences could be minor in nature, but the probability of occurrence is higher.
Low	Risks at this level have limited harm and consequences for the Group to achieve its strategic goals, and the probability of occurrence is low.

The Group has identified its risk profile based on the climate-related risks and the recommendations on climate-related financial disclosure. The relevant climate risks, their overall risk levels and management approach are shown below.

	Climate risks	Overall risk level	Management Approach
Physical Risks	Acute risk	High	<ul style="list-style-type: none"> – Screen out warehouses in the basement and the ground floor – Contain warehouses in different geographical regions – Engage suppliers from various geographical regions
	Chronic risk	High	
Transition Risks	Policy and legal risk	Medium	<ul style="list-style-type: none"> – Continuously monitor the latest climate-related regulations and trends – Engage professional consultants to provide insights on climate-related issues – Enhance disclosure to ensure effective communication with stakeholders
	Reputation risk	Low	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4. CLIMATE CHANGE – *continued*

Risk Management – *continued*

Climate-related risks are mapped to existing risk categories where applicable, such as operational, financial or strategic risks, as they may trigger or amplify existing risks. Furthermore, climate-related risks have been incorporated into our risk appetite adjustment mechanisms to ensure that the impacts of climate change are fully considered and integrated within the overall risk management framework.

The Board regularly reviews the effectiveness of management in overseeing and monitoring climate-related risks and opportunities. Both the Board and management understand climate change-related concepts, including the unique characteristics of climate-related risks and opportunities and their potential impacts on the organisation. Looking ahead, the Group will continue reviewing the impact of climate change on business and incorporate climate-related risks and opportunities into operational considerations, such as changes in environmental-related regulations, in order to increase its resilience.

Metrics and Targets

To measure the level and impact of the Group's climate-related risks, the Group monitors metrics and indicators to ensure an effective and quantitative assessment. The Group monitors and reviews its Scope 1, Scope 2, Scope 3 GHG emissions (in tCO₂eq.), total GHG emissions (in tCO₂eq.) and the GHG emission intensity (in tCO₂eq./ft² and tCO₂eq./employee) regularly.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4. CLIMATE CHANGE – *continued*

Metrics and Targets – continued

Greenhouse Gas (“GHG”) Emissions¹⁰

During the reporting period, the Group’s business operation contributed to the GHG emission of 357.27 tonnes of carbon dioxide equivalent (“tCO₂eq.”), mainly carbon dioxide, methane, and nitrous oxide and hydrofluorocarbons. The overall intensity of the GHG emissions for the Group was 0.004 tCO₂eq./ft² with reference to the floor area of the Group’s business operations and 1.41 tCO₂eq./employee with reference to the total number of employees as of December 31, 2025.

Scope of GHG Emissions	tCO ₂ e in FY 2025	tCO ₂ e in FY 2024 (April 1 – December 31)	Change between FY 2024 and FY 2025	tCO ₂ e in FY 2023/24
Scope 1¹¹				
Combustion of fuel for mobile sources (Petrol)	34.27	0.73	+4,595%	22.92
Scope 2 (location-based)¹²				
Purchased electricity	244.26	218.03	+12%	335.17
Scope 3¹³				
Category 1: Electricity used for freshwater treatment	0.06	0.01	+500%	0.06
Category 5: Paper waste disposed of in landfills	7.58	10.37	-27%	12.64
Category 6: Business air travel	71.11	67.31	+6%	51.72
TOTAL	357.27	296.45	+21%	422.54
INTENSITY (tCO₂eq./ft²)¹⁴	<0.01	<0.01	+63%	<0.01
INTENSITY (tCO₂eq./employee)¹⁵	1.41	1.21	+17%	1.58

¹⁰ The calculation basis and the corresponding GHG emission assessment figures and the emission factors used for the calculation are based on international and national standards including “Appendix 2: Reporting Guidance on Environmental KPIs” issued by SEHK, “GHG Protocol Corporate Accounting and Reporting Standard” issued by the World Resources Institute and World Business Council for Sustainable Development, “Methodology for Accounting and Reporting of Greenhouse Gas Emissions from Enterprises in Other Industries (Trial) 《工業其他行業企業溫室氣體排放核算方法與報告指南(試行)》” jointly issued by National Development and Reform Commission and National Center for Climate Change Strategy and International Cooperation, “Electricity Carbon Dioxide Baseline Emission Factor 《電力二氧化碳排放因子》”, “IPCC Sixth Assessment Report on Climate Change 《IPCC氣候變遷第六次評估報告》”, carbon dioxide emission factors of urban water supply in China Products Carbon Footprint Factors Database (CPCD) and the International Civil Aviation Organization (ICAO) Carbon Emission Calculator. Any discrepancies between the total shown and the sum of the amounts listed are due to rounding.

¹¹ Scope 1: The direct emissions from the business operations owned or controlled by the Group, including the emission from the Group’s vehicle fleet, hydrofluorocarbons (HFC) and perfluorocarbons (PFC) equipment.

¹² Scope 2: The indirect energy emissions from the internal purchased electricity consumption by the Group.

¹³ Scope 3: Other indirect emissions which are consequence of the activities of the Group, but occur from sources not owned or controlled by the Group.

¹⁴ The total area of office and warehouse included in the Reporting Scope were approximately 79,814ft² in FY2025, and 107,662ft² in FY2024 and FY2023/24.

¹⁵ The total number of employee included in the Reporting Scope were 253 in FY2025, 246 in FY2024 and 268 in FY2023/24.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4. CLIMATE CHANGE – *continued*

Metrics and Targets – *continued*

Greenhouse Gas (“GHG”) Emissions – *continued*

The total GHG emissions increased by 21%, primarily due to a significant 4,595% increase in Scope 1 consumption of petrol and the frequent use of the Group’s vehicles in both Hong Kong and Chinese mainland. Although Scope 3 Category 1: Electricity used for freshwater treatment shows a significant increase of 500% due to higher water consumption linked to increased orders, the absolute value of these emissions remains insignificant. Other scopes of GHG emissions increased by around 6% to 12%, but this can be disregarded, as FY2024 data only covers 9 months, making it incomparable to the 12-months usage in FY2025. To minimise the contribution of GHG emissions, the Group strives to reduce energy use in its operations, and the related energy-saving measures are illustrated in the section “Use of Resources” section of the ESG Report respectively.

Compared to the last year, there have been no material changes to the methodologies, input data, or assumptions used in GHG emission calculations. Details of our calculation approach and Scope 3 related information are shown in the tables below:

Our Approach	
Standard Used	“Appendix 2: Reporting Guidance on Environmental KPIs” issued by SEHK the International Civil Aviation Organization (ICAO) Carbon Emission Calculator For details, please refer to footnote 10
Consolidation Approach	Operational control due to the access to operational data
Operational Boundary	– 3 warehouses in Hong Kong and Shanghai – 3 headquarters offices in Hong Kong, Shenzhen and Shanghai

Scope 3 Categories¹⁶	Basis for Selection	Disclosure
Category 1: Purchased Goods and Services	Emissions associated with extraction, production, and transportation of goods and services purchased by the Group, including electricity used for freshwater treatment	✓
Category 5: Waste Generated in Operations	Emissions associated with disposal and treatment of waste in our operations in facilities not owned or controlled by the Group, including paper waste disposed of in landfills	✓
Category 6: Business Travel	Emissions associated with air transportation of employees for business-related activities	✓

¹⁶

The remaining Scope 3 categories were not disclosed in the Reporting Period due to data collection difficulties. The Group will continue to refine its data collection system and communication with its value chain stakeholders to enhance its data collection.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4. CLIMATE CHANGE – *continued*

Metrics and Targets – *continued*

Greenhouse Gas (“GHG”) Emissions – *continued*

The Group has not yet disclosed its full Scope 3 emissions. Recognising the importance of addressing GHG emissions from the other indirect sources, we continue to track and monitor emissions from selected material Scope 3 categories, including electricity consumed for freshwater treatment, paper waste sent to landfills, and employee air travel. Looking ahead, the Group will progressively develop a structured plan to identify data collection requirements and prepare for the calculation of additional Scope 3 emissions, with the aim of enhancing the comprehensiveness of our environmental performance disclosures over time.

Emissions Mitigation and Targets

During the reporting period, GHG emissions from purchased electricity and business air travel accounted for 88% of the total emissions, as the two major sources of emissions. While the Group’s business operations do not involve production, the Group took the following measures to further reduce greenhouse gas emissions. The Group replaced incandescent and fluorescent tubes at the office with LED lighting to reduce electricity consumption. The Group also implemented the green travel policy, emphasising reasonable and necessary business trips to mitigate the environmental impact caused by unnecessary travel.

The Group has established energy consumption reduction targets and GHG emission targets as illustrated in the figure below. By setting this target, the Group aims to continuously improve its energy management and GHG emission reduction practices and maintain a responsible approach to achieve energy conservation. Additionally, the Group will explore the feasibility of setting further targets for energy reduction and address climate change, demonstrating its ongoing commitment to sustainable energy practices.

Target Information ¹⁷		
GHG Covered	CO ₂ , CH ₄ , N ₂ O	
Target Set	Timeframe	Target
	Long-term	Carbon Neutrality by 2060
	Medium-term	5.0% reduction by FY2040 compared to FY2023/24
	Short-term	2.5% reduction by FY2028 compared to FY2023/24
Target Type	Gross intensity (per employee)	
Objective of Target	To align with national objectives	
Monitoring Progress	The ESG Team and the Board review the target and performance on GHG emission annually, and assess whether a revision on the target is required.	
Scope of Target	Covers warehouses in Hong Kong and Shanghai, and headquarters offices in Hong Kong, Shenzhen and Shanghai.	

¹⁷ The target has been updated, as FY2024 data only covers 9 months and is therefore not comparable to the 12-month usage.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4. CLIMATE CHANGE – *continued*

Metrics and Targets – *continued*

Emissions Mitigation and Targets – *continued*

Regarding the GHG emissions intensity per employee, a slight decrease of 11% has been observed, from 1.58 tonnes/employee in the FY2023/24 reporting period to 1.41 tonnes/employee in FY2025. The Group has implemented various measures to reduce GHG emissions, including the transition to LED lighting. Moving forward, the Group is dedicated to actively managing its environmental footprint by continuously implementing action plans aimed at achieving a low-carbon economy.

5. SOCIAL

Employment and Labour Practices

Employment

Total Workforce and Turnover

The business operations covered in the reporting scope had a total number of 253 employees as of December 31, 2025, including full-time, permanent, and temporary employees. The Group did not involve in a significant portion of organisation's activities performed by workers who are not employees. The workforce distribution list by gender, age group, employee category, employee grade and geographical region are shown below.

Workforce Distribution

Workforce Distribution by Gender	Female	48.22%
	Male	51.78%
Workforce Distribution by Age Group	18-25	6.32%
	26-35	29.25%
	36-45	33.60%
	46-55	24.51%
	56 or above	6.32%
Workforce Distribution by Employee Category	Full-time	43.08%
	Permanent	56.52%
	Part-time	0.40%
Workforce Distribution by Employee Grade	Senior management	5.93%
	Middle management	20.55%
	Frontline and other staff	73.52%
Workforce Distribution by Geographical Region	Mainland China	62.06%
	Hong Kong	37.94%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5. SOCIAL – continued

Employment and Labour Practices – continued

Employment – continued

Total Workforce and Turnover – continued

In addition, the proportion of female was 29.85% in management team while the proportion of male is 70.15%.

A total of 54 new employees were hired by the Group during the reporting period, representing an annual average hiring rate of 21.34%.

Hiring Rates¹⁸

Hiring Rates by Gender	Female	21.31%
	Male	21.37%
Hiring Rates by Age Group	18-25	56.25%
	26-35	33.78%
	36-45	15.29%
	46-55	8.06%
	56 or above	12.50%
Hiring Rates by Employee Category	Full-time	45.87%
	Permanent	2.10%
	Part-time	100%
Hiring Rates by Employee Grade	Senior management	13.33%
	Middle management	1.92%
	Frontline and other staff	27.42%
Hiring Rates by Geographical Region	Mainland China	32.48%
	Hong Kong	3.13%

A total of 66 employees left the Group during the reporting period, representing an annual average turnover rate of 20.69%.

¹⁸ The hiring rate is calculated as (number of new employees who hired by the Group in specific category during the reporting period/number of employees in specific category as at December 31 of reporting period * 100%).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5. SOCIAL – continued

Employment and Labour Practices – continued

Employment – continued

Total Workforce and Turnover – continued

Turnover Rates¹⁹

Turnover Rates by Gender	Female	19.21%
	Male	22.02%
Turnover Rates by Age Group	18-25	27.27%
	26-35	25.25%
	36-45	15.84%
	46-55	19.48%
	56 or above	20.00%
Turnover Rates by Employee Category	Full-time	27.81%
	Permanent	14.37%
	Part-time	0%
Turnover Rates by Employee Grade	Senior management	11.76%
	Middle management	13.33%
	Frontline and other staff	23.14%
Turnover Rates by Geographical Region	Mainland China	25.94%
	Hong Kong	10.28%

Employee Benefits and Equal Opportunity

The Group's human resources policy encompasses various procedures and terms related to recruitment, promotion, code of conduct, discipline, working hours, leaves, and other benefits. In order to attract and retain talented individuals, the Group offers competitive compensation packages. These packages include provisions for medical insurance, life insurance, personal accident insurance, long service awards, and retirement schemes. Remuneration is reviewed on an annual basis, taking into consideration employee performance and market trends.

¹⁹

The turnover rate is calculated as (number of employees who left the Group in specific category during the reporting period / (number of employees in specific category as at December 31 of reporting period + number of employees who left the Group in specific category during the reporting period) * 100%). Employees who left the Group during the probationary period were not included in the calculation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5. SOCIAL – continued

Employment and Labour Practices – continued

Employment – continued

Employee Benefits and Equal Opportunity – continued

During reporting period, full-time and permanent employees are entitled to life insurance, health care, disability and invalidity coverage, parental leave, retirement provisions, stock ownership, and other benefits, while part-time employees are covered by labour insurance.

Parental Leave by Gender

	Female	Male	Total
Total number of employees entitled to parental leave	122	131	253
Total number of employees that took parental leave	5	13	18
Total number of employees that returned to work in the reporting period after parental leave ended	4	13	17
Total number of employees that returned to work after parental leave ended and were still employed 12 months after their return	10	5	15
Return to work rate ²⁰ of employees that took parental leave	80%	100%	94%
Retention rate ²¹ of employees that took parental leave	100%	100%	100%

In addition to statutory holidays and leaves, employees are entitled to one day off with pay to celebrate their birthdays, providing them with an extra opportunity for personal celebration. The Group values employee satisfaction and recognises the importance of work-life balance, ensuring that employees are rewarded and supported beyond the basic requirements.

²⁰ The return to work rate is calculated as (total number of employees that did return to work after parental leave/total number of employees due to return to work after taking parental leave * 100%).

²¹ The retention rate is calculated as (total number of employees retained 12 months after returning to work following a period of parental leave/total number of employees returning from parental leave in the prior reporting period(s) * 100%).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5. SOCIAL – *continued*

Employment and Labour Practices – *continued*

Employment – *continued*

Employee Benefits and Equal Opportunity – continued

The Group values and respects diversity in the workplace. It has a general policy regarding equal employment opportunities, which aims to provide an equal employment opportunity environment to job seekers and employees in respect of recruitment, employment, remuneration, benefits, training, promotion, transfer, redundancy, job changes, and all other employment-related issues between male and female, disability and non-disability, and irrespective of family status, race, nationality, or religion. To ensure fairness in recruitment and selection processes, the Group has a set of consistent selection criteria which are based on genuine occupational qualifications such as experience, academic and professional qualifications, skills, personal qualities, and physical and other capabilities required. All employees have equal opportunities for promotion, transfer and training based on ability, work performance or other objective criteria. The policy also stipulated what constitutes certain discrimination according to the Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong), Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong) and Family Status Discrimination Ordinance (Cap. 527 of the Laws of Hong Kong). A lactation room has been provided in the Hong Kong office, which provides a private and appropriate room for lactation breaks.

The Group abides by all applicable employment and labour-related laws of Hong Kong and the PRC, including but not limited to the Employment Ordinance (Cap. 57 of the Laws of Hong Kong) and the Labour Law of the PRC. There was no material non-compliance relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare during the reporting period.

Human Rights

Human rights have gained increasing significance to achieving a sustainable economy. The Group is aware of the rights set out in the UN International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organisation (“ILO”) Declaration on Fundamental Principles and Rights at Work. The Group reviews the human rights policies and procedures on a regular basis to ensure that it conducts business in a way that reflects its commitment to supporting and respecting internationally proclaimed human rights.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5. SOCIAL – *continued*

Employment and Labour Practices – *continued*

Employment – *continued*

Human Rights – continued

It is more common that risks of human rights are discovered through the business's supply chain. Along its employment and its value chain, the Group respects:

- Rights not to be subjected to slavery, servitude or forced labour;
- Rights to freedom of thought, conscience and religion;
- Rights to enjoy just and favourable conditions of work; and
- Rights to health.

The Group's commitments and practices for respecting human rights are described in the sections "Employee Benefits and Equal Opportunity" and "Labour Standards" of this Report.

Employee Communication

The Group respects its employees and keeps employees engaged when there are changes in company policies and operational practices. It consults employees that will be substantially affected before coming to a decision with employees' views considered. Such consultations and communications are conducted through monthly meetings, forecast meetings and emails. The objectives of these meetings are to communicate the reason for changes in an open manner, explain how the changes would affect them and provide detailed guidelines on how the changes will be carried out. If there are significant operational changes such as restructuring, outsourcing of operations, closures, expansions or mergers, the Group will discuss them with the employees as soon as appropriate. The Group will provide at least one week's notice to the employees that will be substantially affected by the significant operational changes whenever appropriate.

The Group places significant importance on its grievance mechanisms and related processes. Two main approaches are employed to track the effectiveness of the mechanisms and processes. One is through feedback mechanisms, where surveys or feedback forms are implemented for the users of the grievance mechanism to assess their satisfaction with the process and outcomes. The other is by establishing clear Key Performance Indicators (KPIs), such as resolution time, the percentage of grievances resolved, and the recurrence rate of similar issues, to measure the effectiveness of these mechanisms.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5. SOCIAL – *continued*

Employment and Labour Practices – *continued*

Employee Health and Safety

Employee health and safety are of utmost importance in the Group's operation. The Group is committed to providing and maintaining a safe, healthy and hygienic working environment for its employees. The Group's general policy outlines clear guidelines for workplace safety, including appropriate training, and evacuation exercises, as well as establishing safety programmes to prevent accidents. The Group recognises the potential hazards associated with warehouse operation. The guidelines on workplace safety direct actions to be taken when encountering emergencies, such as interrupted power supply and gas leakage, and provide electrical safety guidance. Employees at every level are committed to and accountable for implementing health and safety initiatives.

Emergency evacuation maps are displayed in conspicuous locations. New employees must familiarise themselves with the emergency routes, the assembly points and the locations of fire extinguishers. All employees should attend the briefing regarding fire safety measures which is organised once to twice a year. The Group ensures that appropriate fire safety provisions such as fire sprinklers, fire extinguishers and smoke detectors have been installed in warehouses and offices.

Apart from ensuring fire safety and emergency preparedness, the Group strives to enhance employee awareness of the potential hazards. Its guideline on workplace safety has stipulated proper postures for manual handling. Employees should use lifting aids and equipment provided by the Group to avoid manual lifting and reduce accident risk. To avoid potential hazards of slips and falls, mechanical hydraulic safety gates were installed on the upper deck of the mezzanine to ensure that a safety distance between the loading area and staff will be maintained while the gates are opened for lifting and lowering of the cartons. Signage is displayed at shelves and racks indicating their maximum loading levels to avoid overloading. The Group's Hong Kong warehouse at ATL Logistics Centre allows warehouse platforms to be reached by vehicles and reduced the risk of manual handling injuries. Employees are also reminded to work safely with display screen equipment and to avoid potential hazards when using printers, shredders, cutting boards and other sharp tools.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5. SOCIAL – *continued*

Employment and Labour Practices – *continued*

Employee Health and Safety – *continued*

In addition, the Group provides occupational health services and promotes worker health, including offering medical insurance, life insurance, and personal accident insurance. The warehouses and offices have been equipped with first-aid kits, which are checked monthly by the human resources department. Adhering to the “people-oriented” principle, the Group has also adopted the following health promotion measures:

- Casual wear in the office;
- Encourage employees to perform stretching exercises in the office to relieve stress; and
- Strengthen workplace hygiene.

Any work-related injuries should be recorded. In addition to the Guideline on Workplace Safety, a procedure for reporting workplace accidents has been developed. In the event of an occupational incident, injured employees or witnesses are required to promptly report it to their department head and the HR department. The HR department will then initiate the necessary insurance claims. Additionally, thorough investigations are conducted to identify the root causes and prevent the recurrence of any potential issues, ensuring a safer work environment for all.

During the reporting period, no work injury case was recorded, and there were no work-related fatalities reported in the reporting period. There were no work-related fatalities due to work-related ill health during the Reporting Period. There were no worker participation, consultation, and communication on occupational health and safety during the Reporting Period. There were no prevention and mitigation of occupational health and safety impacts directly linked by business relationships during the Reporting Period.

Occupational Health and Safety Data	In FY 2024		
	In FY 2025	(April 1 – December 31)	In FY2023/24
Work related fatality	0	0	0
Work related fatality rate	0%	0%	0%
Work injury cases >3 days	0	1	0
Work injury cases ≤3 days	0	0	1
Lost days due to work injury	0 day	56 days	50 days

The Group complied with the laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards during the reporting period, including but not limited to the PRC Law on the Prevention and Control of Occupational Diseases and the Occupational Safety and Health Ordinance (Cap. 509) in Hong Kong.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5. SOCIAL – *continued*

Employment and Labour Practices – *continued*

Development and Training

High-calibre talents are one of the Group's most important assets. The Group believes that providing a constant learning environment cultivates highly skilled and experienced employees. Although the Group has no policy concerning development and training, it supports the development of employees through the provision of in-house training and subsidization of external training. It will consider developing relevant policy and setting an annual training budget in the future.

Orientation programmes are provided to new employees to facilitate their adaptation to the new working environment. The Group promotes openness and creative thinking. In-house training, peer learning, on-the-job coaching and internal briefing sessions are arranged to foster creativity and knowledge sharing within and among work teams. The training provided by the Group during the reporting period includes:

- Company Policies;
- Client Services;
- Operating Procedures;
- Risk Management;
- SAP or Computer Software Application;
- Product or Technical Training;
- New Employee Orientation;
- Credit training; and
- Leadership & management Skills.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5. SOCIAL – continued

Employment and Labour Practices – continued

Development and Training – continued

The Group also encourages employees to participate in job-related training. For example, employees attend external courses and seminars to stay abreast of the changes in new product development, accounting standards and corporate governance issues. The percentage of trained employees and average training hours completed per employee by categories are shown below^{22, 23}.

Percentage of Trained Employees

Overall		98.42%
By Gender	Female	100%
	Male	96.18%
By Employee Grade	Senior management	60.00%
	Middle management	94.23%
	Frontline and other staff	100%

Training Hours per Employee

Overall		4.41
By Gender	Female	4.31
	Male	4.50
By Employee Grade	Senior management	0.97
	Middle management	2.47
	Frontline and other staff	5.23

²² The percentage of trained employees is calculated by trained employees in specific category/number of employees in specific category as of December 31 of the reporting period.

²³ The average training hours per employee is calculated by the training hours delivered for specific category/number of employees in specific category as of December 31 of the reporting period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5. SOCIAL – *continued*

Employment and Labour Practices – *continued*

Labour Standards

In pursuance of the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), the Labour Law of the PRC and other applicable laws and regulations, there was no child labour nor forced labour working in the Group. To ensure that job applicants have met the legal working age, the Group verifies the identities of job applicants against their valid identity documents when they are invited to attend the interview. The Group strictly prohibits forced work using physical punishment, abuse, involuntary servitude, peonage or trafficking. Any child or forced labour discovered will be prohibited from work immediately and the Group will perform detailed investigation and rectification accordingly. If necessary, the Group will coordinate with its legal department to carry out investigation and rectification. Along the supply chain, the Group strives to screen and select suppliers taking into consideration of the suppliers' performance in fulfilling their social responsibilities and commitments.

During the reporting period, there were no significant risk of child labour or hazardous work involving young workers was identified for both operations and suppliers. Similarly, there were no significant incidents of child labour or forced/compulsory labour reported in terms of the type of operation, suppliers, or geographic areas at risk. Furthermore, there were no material non-compliance with laws and regulations pertaining to the prevention of child and forced labour was recorded during the reporting period.

Operating Practices

Supply Chain Management

Given the rising environmental concerns in society, the Group is aware of the importance of managing the environmental and social risks of its supply chain partners. The Group has also embedded environmental and social considerations in the procurement process to promote responsible supply chains. It identifies and reduces environmental and social risks along the supply chain by assessing suppliers' environmental and social practices. With the Group's development focusing on providing clean energy and low-carbon solutions, the Group also screened and selected suppliers supplying energy-efficient electronic components.

The Group holds each entity accountable for upholding ethical business operations and adhering to transparent and open procurement practices. In the selection of suppliers, the Group evaluates the statutory qualifications, reputation, previous track record, satisfaction of past cooperation partners of its suppliers, and takes into account suppliers' performance in fulfilling their social responsibilities and commitment to environmental protection. The Group requires suppliers to comply with the laws and regulations in their principal places of business, and operate in good faith by adhering to the business ethics. The majority of the Group's suppliers have developed corporate social responsibility ("CSR") policies for social contribution, compliance, human rights, environmental conservation, and community investment, and meanwhile established systems and committees to promote CSR activities and improve CSR performance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5. SOCIAL – *continued*

Operating Practices – *continued*

Supply Chain Management – *continued*

The Group has been evaluating existing key suppliers twice a year with the Principal Performance Evaluation scorecard since 2013. The scores of the suppliers are rated based on their services, business terms and quality performances. Quality and environmental standards of the Group's key suppliers are regularly reviewed by its marketing department, which includes but is not limited to the European Union ("EU") Restriction of Hazardous Substances ("RoHS") Directive, the EU Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH") regulation, AEC-Q100/Q200, ISO 9001, ISO 14001 and TS16949.

During the reporting period, there were 53 major suppliers involving in the Group's operation, supplying the electronic components. The number of suppliers increased is attributable to the gradual product transformation of our products, which are now adapted to diversified sales channels. There were no significant changes in the location, operation and relationships with the suppliers.

Distribution of Suppliers by Geographical Region

Geographical region	Number of suppliers	Proportion
Mainland China	26	49%
Japan	12	23%
Thailand	2	4%
Taiwan	5	9%
Others	8	15%

Product Responsibility

As a distributor of electronic components, the Group ensures that trading goods are stored and delivered in good condition and strives to deliver value-added services to customers. There was no material non-compliance relating to health and safety, advertising and privacy matters that have a significant impact on the Group during the reporting period.

Marketing, Labelling, and Advertising

The Group's operations do not involve marketing, labeling, and advertising activities. Given the nature of the Group's business, these activities are not deemed significant, and therefore, there is no specific policy addressing them. However, the Group remains dedicated to providing exceptional service to its customers while ensuring strict adherence to relevant regulations and laws.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5. SOCIAL – *continued*

Operating Practices – *continued*

Product Responsibility – *continued*

Product Quality and Customer Service

The Group has standardised procedures ensuring product consistency and quality. In terms of inventory management, the Group safeguards its stock by maintaining optimal temperature and humidity conditions in the warehouses. Additionally, the Group optimises all resources through continuous improvement of its logistics operations. Trading goods are received, stored, packaged, and dispatched in separate areas, designed to ensure a smooth and efficient workflow. The Group utilises the Enterprise Resource Planning (ERP) system to access and analyse real-time information and data. For inbound management of trading goods, barcode and batch management systems are deployed, enabling comprehensive tracking and tracing. In vendor agreements with suppliers, the Group includes warranty terms to ensure that the products it distributes meet high-quality standards. In case of reports of faulty products from customers, the Group's product managers will liaise with the suppliers for follow-up actions. During the reporting period, there were no products recalled in relation to health and safety reasons. Additionally, there were no complaints related to suppliers' product quality, defective goods, packaging and labelling issues received during the reporting period.

To offer comprehensive support to customers, the Group provides product technical support and services in major cities of China, such as Beijing, Shanghai and Shenzhen, etc. The Group also organised seminars to provide suppliers and customers with a platform to share technical knowledge and experience. During the seminars, suppliers introduce product features while customers learn about the innovative product designs. By delivering premium value-added services, the Group aims to create a win-win situation for its suppliers and customers. The Group has also invested in Electronic Data Interchange ("EDI") system with suppliers and made use of a secure and advanced electronic platform to send documents to customers. This not only reduces paper consumption but also enhances communication efficiency. The Group is committed to continuously leading the industry in creating a long-term sustainable environment.

The Group manages customers' expectations by listening to its customers and understanding their views. It strives to avoid customer complaints by ensuring an excellent customer experience. However, when a complaint is lodged, the Group handles the complaint according to a standard customer complaint handling procedure in a systematic and expeditious manner. The reason for the complaint will first be investigated. For complaints with valid grounds, a customer complaint report will be filed and evaluated by the management team, including the sales manager, product manager, and general manager. If appropriate, sales returns will be processed upon the approval of the management.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5. SOCIAL – *continued*

Operating Practices – *continued*

Product Responsibility – *continued*

Intellectual Property (“IP”) Rights

The Group’s technical and marketing departments gather IP information including patent information of different countries and consult suppliers regarding the IP rights of their tangible or intangible products (such as hardware circuitry, software and hardware source code) for all custom-made products or in-house developed solutions. The Group has revised the Code of Business Conduct which stated that employees must not violate the Group’s intellectual property or trade secrets policies. Upon leaving the Company, employees may be required to sign confidentiality or competition restriction agreements depending on the circumstances, and they are obligated to comply with these agreements. Only legal software products and development tools are used for project developments in the Group. Patents, copyrights and other IP rights owned by the Group are not entitled to commercial development by employees that left. The IP rights owned by the Group were registered and filed systematically. The Group reviews and reinforces its management of IP rights whenever necessary. During the reporting period, no patents were granted.

Customer Data Collection and Privacy

The Group ensures stringent compliance with the statutory requirements to meet a high standard of security and confidentiality of personal data privacy protection. The Group is firmly committed to upholding the data protection principles as follows:

- Only collect personal data that is believed to be relevant and required to conduct its business;
- Use personal data only for the purpose for which data are collected or for a directly related purpose unless consent with a new purpose is obtained;
- No transfer or disclosure of personal data to any entity that is not a member of the Group without consent unless it is required by law or it was previously notified;
- Maintain appropriate security systems and measures designed to prevent unauthorised access to personal data; and
- Include the confidentiality clauses in the employee contracts.

During the reporting period, no significant instances of non-compliance with laws and regulations regarding customer data protection and privacy were recorded that had a significant impact on the Group. Additionally, no substantiated complaints regarding breaches of customer privacy or losses of customer data were received from outside parties and regulatory bodies during the reporting period. No incidents involving the leakage, theft or loss of customer data were identified by the Group during the reporting period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5. SOCIAL – *continued*

Operating Practices – *continued*

Product Responsibility – *continued*

Information Security

A sound information security system protects data collected by the Group and ensures a safe business operation. The Group recognises the importance to avoid, identify and respond to internal and external threats posing to the Group's information assets. In view of the increased and evolved cyber-attack activities, the Group has rolled out the standard handling procedure against virus or ransomware attacks. When there is a virus or ransomware attack, the IT Department will be responsible for isolating the virus or ransomware spread across any wired or wireless networks. Infected machines will first be disconnected from all network connections immediately. The source of the virus or ransomware will be identified and blocked in the firewall or gateway. The IT Department will update the definition file in the Anti-Virus server and block any security holes. It will also announce to all staff about the virus attack to raise their awareness. The Group regularly reminds staff to stay vigilant about cybersecurity and to report any suspicious emails or websites.

Anti-corruption

The Group has set up multiple mechanisms for individuals to get advice on implementing responsible business policies and report business conduct concerns. The Group has implemented a code of business conduct and a whistleblowing policy, aimed to ensure that every employee conducts business activities in strict accordance with statutory compliance and integrity. The Board holds the responsibility for developing and implementing the Group's anti-corruption program, overseeing and monitoring its effectiveness, and facilitating communication and training on the subject.

Beyond the overarching Code of Business Conduct, the Group has implemented an anti-corruption policy. This policy clearly defines the expected standards of conduct regarding the prevention of corruption, bribery, extortion, and fraud. Employees who violate these policies will face disciplinary actions, and in some cases, may be dismissed without compensation.

The anti-corruption policy of the Group applies to all directors, officers, and employees of the Group and third-party representatives engaged to represent the Group, including but not limited to advisers, agents, consultants, introducers and finders, and political lobbyists if there is any. The policy outlined guidelines for accepting or offering advantages, prohibiting improper payments, kickbacks and other forms of bribery, and requirements for the business partners of the Group. Employees are required to strictly abide by the laws and regulations preventing corruption, bribery, extortion, fraud and money laundering. Employees should not solicit and/or accept advantages, conduct improper transactions and/or gamble with parties having business relationships with the Group. Conflict of interest should be avoided to prevent potential damage to personal and the Group's interest and reputation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5. SOCIAL – *continued*

Operating Practices – *continued*

Anti-corruption – *continued*

The whistleblowing policy encourages employees to raise concerns, in confidence, about misconduct, malpractice or irregularities in any matters related to the Group. Whistle-blowers can make a report in writing and by post or by email. Upon receipt of a complaint under the policy, the Group will evaluate every report received to decide whether a full investigation is necessary. If an investigation is warranted, an investigator (with suitable seniority and without previous involvement in a matter of the same or similar nature) will be appointed by the Audit Committee to look into the matter. Where the report discloses a possible criminal offence, the Audit Committee, in consultation with the legal advisors, will decide if the matter should be referred to the authorities for further action. Persons making genuine and appropriate complaints under the policy are assured of protection against unfair dismissal, victimisation or unwarranted disciplinary action, even if the concerns turn out to be unsubstantiated. The whistleblowing policy is reviewed annually to ensure the effectiveness of the associated processes and procedures.

The departments and business units of the Group have a responsibility to ensure that employees are well-informed about and understand the Group's anti-corruption policy. Regular training sessions are conducted to educate employees on compliance with relevant laws and regulations pertaining to fraud and bribery risks. It is worth noting that the content of anti-corruption training differs between managerial grade or above and general staff.

For general staff, the training covers topics such as the current corruption landscape, areas prone to corruption, legal and administrative controls, and services provided by the Independent Commission Against Corruption (ICAC). On the other hand, the training provided to managerial grade or above also includes the topic of fostering an ethical culture within the organization.

During the reporting period, the Group was provided anti-corruption training for both management and general staff. The training session "Integrity Management" was conducted by ICAC. All the directors and 122 staff members participated in this training, totaling 192 training hours.

The Group complied with all applicable laws prohibiting corruption and bribery of Hong Kong and the PRC. There were no legal proceedings regarding corrupt practices brought against the Group, its employees, or its business partners during the reporting period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5. SOCIAL – *continued*

Operating Practices – *continued*

Anti-competitive Behaviour

To prevent competitive behaviour, the Group's Code of Business Conduct includes the following measures:

- Compliance with laws and regulations;
- Prohibition of anti-competitive practices;
- Protection of confidential information;
- Management of conflicts of interest;
- Emphasis on ethical decision-making; and
- Training and communication.

In addition, employees must adhere to the Company's policies and annually complete the "Code of Business Conduct Confirmation Form and Conflict of Interest Declaration Form" in November. They are also required to disclose any conflicts of interest in writing to the Company. These measures ensure a culture of fair competition and ethical conduct within the Group.

During the reporting period, there were no legal actions pending or completed by the Group regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation.

Tax

The Group has a tax strategy in place, although it is not publicly available. The tax strategy is reviewed and approved by the Finance and Accounting Department and the HR Department, which are responsible for overseeing tax-related matters within the organization. Additionally, the Group has engaged an external tax representative who assists with tax services, ensures compliance with the Inland Revenue Ordinance (IRO), and handles interactions with the Inland Revenue Department (IRD).

In terms of regulatory compliance, the Group emphasises adherence to tax regulations and laws, specifically the IRO. This includes fulfilling reporting requirements, maintaining accurate records, and submitting tax returns in a timely manner. The Group works closely with its external tax representative to stay updated on any changes in tax regulations and ensure compliance with them.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5. SOCIAL – *continued*

Operating Practices – *continued*

Tax – *continued*

The approach to tax is strongly linked to the business and sustainable development strategies of the Group. By effectively managing tax obligations, the Company aims to maintain financial stability, support growth initiatives, and contribute to the overall sustainability of the business. Compliance with tax regulations also aligns with the Group's commitment to ethical and responsible business practices.

Community Investment

The Group is committed to upholding corporate social responsibility and actively engages in public welfare activities. The management of the Group will conduct reviews and consider contributing to community engagement to better understand the needs of local communities and ensure that the Group's activities align with their interests in the upcoming years. During the reporting period, the Group donated HK\$10,000 to the Salvation Army for Emergency Relief: Support for Tai Po Residents Affected by the Fire.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6. APPENDICES

Appendix I – SEHK ESG Reporting Code Index

Part C: “Comply or explain” Provisions		
General Disclosures and KPIs	Description	Section(s)
Environmental		
Aspect A1: Emissions		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Air Emissions
KPI A1.2	Repealed 1 January 2025	N/A
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity.	Hazardous Waste
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	Non-hazardous Waste
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Emissions; Emissions Mitigation and Targets
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions; Waste Reduction and Targets

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6. APPENDICES – *continued*

Appendix I – SEHK ESG Reporting Code Index – *continued*

Part C: “Comply or explain” Provisions		
General Disclosures and KPIs	Description	Section(s)
Aspect A2: Use of Resources		
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Energy Consumption
KPI A2.2	Water consumption in total and intensity.	Water Consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Emissions; Energy Use Efficiency Initiatives and Targets
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Emissions; Water Use Efficiency Initiatives and Targets
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	Packaging Materials
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
Aspect A4: Climate Change		
General Disclosure	Repealed 1 January 2025	N/A
KPI A4.1	Repealed 1 January 2025	N/A

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6. APPENDICES – *continued*

Appendix I – SEHK ESG Reporting Code Index – *continued*

Part C: “Comply or explain” Provisions		
General Disclosures and KPIs	Description	Section(s)
Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment and Labour Practices
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Total Workforce and Turnover
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employee Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	
KPI B2.2	Lost days due to work injury.	
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6. APPENDICES – *continued*

Appendix I – SEHK ESG Reporting Code Index – *continued*

Part C: “Comply or explain” Provisions		
General Disclosures and KPIs	Description	Section(s)
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category.	
KPI B3.2	The average training hours completed per employee by gender and employee category.	
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	
KPI B5.2	Description of practices relating to engaging supplies, number of supplies where the practices are being implemented, how they are implemented and monitored.	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain and how they are implemented and monitored.	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6. APPENDICES – *continued*

Appendix I – SEHK ESG Reporting Code Index – *continued*

Part C: “Comply or explain” Provisions		
General Disclosures and KPIs	Description	Section(s)
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Quality and Customer Service
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Quality and Customer Service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property (“IP”) Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Quality and Customer Service
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Customer Data Collection and Privacy; Information Security

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6. APPENDICES – *continued*

Appendix I – SEHK ESG Reporting Code Index – *continued*

Part C: “Comply or explain” Provisions		
General Disclosures and KPIs	Description	Section(s)
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	
KPI B7.3	Description of anti-corruption training provided to directors and staff.	
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities’ interests.	Community Investment
KPI B8.1	Focus areas of contribution.	
KPI B8.2	Resources contributed to the focus area.	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6. APPENDICES – *continued*

Appendix I – SEHK ESG Reporting Code Index – *continued*

Part D: Climate-related Disclosures		
Climate-related Disclosures		Section/Statement
(I) Governance		
19(a)	An issuer shall disclose information about: the governance body(ies) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(ies) or individual(s) and disclose information about:	
19(a)(i)	How the body(ies) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities.	Sustainability Governance; Governance; Collective Knowledge of the Board
19(a)(ii)	How and how often the body(ies) or individual(s) is informed about climate-related risks and opportunities.	Sustainability Governance; Governance
19(a)(iii)	How the body(ies) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(ies) or individual(s) has considered trade-offs associated with those risks and opportunities.	Sustainability Governance; Governance
19(a)(iv)	How the body(ies) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35).	Sustainability Governance; Governance
19(b)	An issuer shall disclose information about management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:	
19(b)(i)	Whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee.	Sustainability Governance; Governance
19(b)(ii)	Whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	Sustainability Governance; Governance

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6. APPENDICES – *continued*

Appendix I – SEHK ESG Reporting Code Index – *continued*

Part D: Climate-related Disclosures		
Climate-related Disclosures		Section/Statement
(II) Strategy		
Climate-related risks and opportunities		
20	An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:	
20(a)	Describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term.	Strategy
20(b)	Explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk.	Strategy
20(c)	Specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur.	Strategy
20(d)	Explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	Strategy
Business model and value chain		
21	An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:	
21(a)	A description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain.	Strategy
21(b)	A description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	Strategy

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6. APPENDICES – *continued*

Appendix I – SEHK ESG Reporting Code Index – *continued*

Part D: Climate-related Disclosures		
Climate-related Disclosures		Section/Statement
Strategy and decision-making		
22	An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:	
22(a)	Information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:	Risk Management
22(a)(i)	Current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities.	Risk Management
22(a)(ii)	Current and anticipated adaptation and mitigation efforts (whether direct or indirect).	Risk Management
22(a)(iii)	Any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan.	The Group does not have a climate-related transition plan.
22(a)(iv)	How the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40.	Metrics and Targets
22(b)	Information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).	Risk Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6. APPENDICES – *continued*

Appendix I – SEHK ESG Reporting Code Index – *continued*

Part D: Climate-related Disclosures		
Climate-related Disclosures		Section/Statement
23	An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	N/A
Financial position, financial performance and cash flows		
Current financial effect		
24	An issuer shall disclose qualitative and quantitative information about:	
24(a)	How climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period.	Strategy; Financial Effects Relief is adopted. Current financial effect cannot be counted separately.
24(b)	The climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	No significant risk of material adjustment
Anticipated financial effect		
25	The issuer shall provide qualitative and quantitative disclosures about:	
25(a)	How the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration: (i) its investment and disposal plans; and (ii) its planned sources of funding to implement its strategy.	Strategy
25(b)	How the issuer expects its financial performance and cash flow to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	Strategy; Capabilities Relief is adopted. The Group will keep refining the quantitative method of financial effect information in the future.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6. APPENDICES – *continued*

Appendix I – SEHK ESG Reporting Code Index – *continued*

Part D: Climate-related Disclosures		
Climate-related Disclosures		Section/Statement
Climate resilience		
26	An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:	
26(a)	The issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of:	
26(a)(i)	The implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis.	Strategy; Risk Management
26(a)(ii)	The significant areas of uncertainty considered in the issuer's assessment of its climate resilience.	
26(a)(iii)	The issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term.	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6. APPENDICES – *continued*

Appendix I – SEHK ESG Reporting Code Index – *continued*

Part D: Climate-related Disclosures		
	Climate-related Disclosures	Section/Statement
26(b)	How and when the climate-related scenario analysis was carried out, including:	
26(b)(i)	Information about the inputs used, including:	
26(b)(i)(1)	Which climate-related scenarios the issuer used for the analysis and the sources of such scenarios.	Capabilities Relief is adopted. The Group will keep refining the risk assessment method of climate-related scenario analysis in the future.
26(b)(i)(2)	Whether the analysis included a diverse range of climate-related scenarios.	
26(b)(i)(3)	Whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks.	
26(b)(i)(4)	Whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change.	
26(b)(i)(5)	Why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties.	
26(b)(i)(6)	Time horizons the issuer used in the analysis.	
26(b)(i)(7)	What scope of operations the issuer used in the analysis (for example, the operation locations and business units used in the analysis).	
26(b)(ii)	The key assumptions the issuer made in the analysis.	
26(b)(iii)	The reporting period in which the climate-related scenario analysis was carried out.	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6. APPENDICES – continued

Appendix I – SEHK ESG Reporting Code Index – continued

Part D: Climate-related Disclosures		
Climate-related Disclosures		Section/Statement
(III) Risk Management		
27	An issuer shall disclose information about:	
27(a)	The processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:	Strategy; Risk Management
27(a)(i)	The inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes).	The Group does not have a climate-related scenario analysis.
27(a)(ii)	Whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks.	The Group does not have a climate-related scenario analysis.
27(a)(iii)	How the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria).	Risk Management
27(a)(iv)	Whether and how the issuer prioritises climate-related risks relative to other types of risks.	Risk Management
27(a)(v)	How the issuer monitors climate-related risks.	Risk Management
27(a)(vi)	Whether and how the issuer has changed the processes it uses compared with the previous reporting period.	Remain unchanged
27(b)	The processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities).	Strategy; Risk Management
27(c)	The extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	Strategy; Risk Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6. APPENDICES – *continued*

Appendix I – SEHK ESG Reporting Code Index – *continued*

Part D: Climate-related Disclosures		
Climate-related Disclosures		Section/Statement
(IV) Metrics and Targets		
Greenhouse gas emissions		
28	An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO ₂ equivalent, classified as:	
28(a)	Scope 1 greenhouse gas emissions.	Metrics and Targets
28(b)	Scope 2 greenhouse gas emissions.	
28(c)	Scope 3 greenhouse gas emissions.	
29	An issuer shall:	
29(a)	Measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions.	Metrics and Targets
29(b)	Disclose the approach it uses to measure its greenhouse gas emissions including:	
29(b)(i)	The measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions.	Metrics and Targets
29(b)(ii)	The reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions.	
29(b)(iii)	Any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes.	
29(c)	For Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions.	
29(d)	For Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6. APPENDICES – *continued*

Appendix I – SEHK ESG Reporting Code Index – *continued*

Part D: Climate-related Disclosures		
Climate-related Disclosures		Section/Statement
Climate-related transition risks		
30	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Reasonable information relief is adopted. The Group will keep refining the quantitative method of financial effect information in the future.
Climate-related physical risks		
31	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	Reasonable information relief is adopted. The Group will keep refining the quantitative method of financial effect information in the future.
Climate-related opportunities		
32	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	Reasonable information relief is adopted. The Group will keep refining the quantitative method of financial effect information in the future.
Capital deployment		
33	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	The Group is still in the process of establishing a systematic data collection framework to quantify climate-related capital expenditure, financing, and investment, and thus is unable to disclose the required information at this time.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6. APPENDICES – continued

Appendix I – SEHK ESG Reporting Code Index – continued

Part D: Climate-related Disclosures		
Climate-related Disclosures		Section/Statement
Internal carbon prices		
34	An issuer shall disclose:	
34(a)	An explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis).	The Group does not apply a carbon price in decision-making.
34(b)	The price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions.	
34	Or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	
Remuneration		
35	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	No climate-related considerations are factored into remuneration policy.
Industry-based metrics		
36	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	Disclosure of industry-based metrics has yet to be included.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6. APPENDICES – continued

Appendix I – SEHK ESG Reporting Code Index – continued

Part D: Climate-related Disclosures		
Climate-related Disclosures		Section/Statement
Climate-related targets		
37	An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:	
37(a)	The metric used to set the target.	Metrics and Targets
37(b)	The objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives).	
37(c)	The part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region).	
37(d)	The period over which the target applies.	
37(e)	The base period from which progress is measured.	
37(f)	Milestones or interim targets (if any).	
37(g)	If the target is quantitative, whether the target is an absolute target or an intensity target.	
37(h)	How the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	
38	An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:	
38(a)	Whether the target and the methodology for setting the target has been validated by a third party.	The target has not been validated by a third party.
38(b)	The issuer's processes for reviewing the target.	Metrics and Targets
38(c)	The metrics used to monitor progress towards reaching the target.	Metrics and Targets
38(d)	Any revisions to the target and an explanation for those revisions.	The target has been updated, as FY2024 data only covers 9 months and is therefore not comparable to the 12-month usage.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6. APPENDICES – *continued*

Appendix I – SEHK ESG Reporting Code Index – *continued*

Part D: Climate-related Disclosures		
	Climate-related Disclosures	Section/Statement
39	An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	Metrics and Targets
40	For each greenhouse gas emission targets disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:	
40(a)	Which greenhouse gases are covered by the target.	Metrics and Targets
40(b)	Whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target.	Metrics and Targets
40(c)	Whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target.	Metrics and Targets
40(d)	Whether the target was derived using a sectoral decarbonisation approach.	Sectoral decarbonisation approach was not used
40(e)	The issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose:	The Group did not use carbon credits in the Reporting Period.
40(e)(i)	The extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits.	
40(e)(ii)	Which third-party scheme(s) will verify or certify the carbon credits.	
40(e)(iii)	The type of carbon credit, including whether the underlying offset will be nature-based or based on technology carbon removals, and whether the underlying offset is achieved through carbon reduction or removal.	
40(e)(iv)	Any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6. APPENDICES – continued

Appendix II – GRI Standards Content Index

Statement of use	Willas-Array Electronics (Holdings) Limited has reported with reference to the GRI Standards for the period January 1, 2025 to December 31, 2025.
GRI 1 used	GRI 1: Foundation 2021
Application GRI Sector Standard	Not Applicable

GRI Standard/other sources GRI	Disclosure	Section(s) (Page number)	Omission		
			Requirement(s) Omitted	Reason	Explanation
GRI 2: General Disclosure 2021					
The organization and its reporting practices	2-1 Organizational details	About Willas-Array			
	2-2 Entities included in the organization's sustainability reporting	Scope and Reporting Period			
	2-3 Reporting period, frequency and contact point	Scope and Reporting Period Stakeholders' Feedback			
	2-4 Restatements of information	No information restatement			
	2-5 External assurance	No external assurance has been conducted but the ESG Report was reviewed by the Group's internal auditor; About this Report			
Activities, value chain and other business relationships	2-6 Activities, value chain and other business relationships	About Willas-Array			
	2-7 Employees	Employment			
	2-8 Workers who are not employees	The Group did not involve in a significant portion of organisation's activities performed by workers who are not employees. Employment			

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6. APPENDICES – continued

Appendix II – GRI Standards Content Index – continued

GRI Standard/other sources GRI	Disclosure	Section(s) (Page number)	Omission		
			Requirement(s) Omitted	Reason	Explanation
Governance	2-9 Governance structure and composition	Governance Structure and Composition			
	2-10 Nomination and selection of the highest governance body	Board Selection and Diversity			
	2-11 Chair of the highest governance body	Governance Structure and Composition			
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability Governance Due Diligence The Board's Engagement			
	2-13 Delegation of responsibility for managing impacts	Sustainability Governance			
	2-14 Role of the highest governance body in sustainability reporting	About this Report Sustainability Governance			
	2-15 Conflicts of interest	Governance Structure and Composition			
	2-16 Communication of critical concerns	The Board's Engagement			
	2-17 Collective knowledge of the highest governance body	Collective Knowledge of the Board			
	2-18 Evaluation of the performance of the highest governance body	Sustainability Governance The Board's Engagement			
	2-19 Remuneration policies	Remuneration Policies			
	2-20 Process to determine remuneration	Remuneration Policies			
	2-21 Annual total compensation ratio	Omitted	GRI 2-21	Confidentiality constraints	Compensation ratios were not disclosed due to confidentiality constraints.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6. APPENDICES – *continued*

Appendix II – GRI Standards Content Index – *continued*

GRI Standard/other sources GRI	Disclosure	Section(s) (Page number)	Omission		
			Requirement(s) Omitted	Reason	Explanation
Strategy, policies and practices	2-22 Statement on sustainable development strategy	The Board's Statement			
	2-23 Policy commitments	Sustainability Governance The Environment and Natural Resources Operating Practices			
	2-24 Embedding policy commitments	Operating Practices			
	2-25 Processes to remediate negative impacts	Stakeholder Engagement and Materiality Assessment The Board's Engagement The Environment and Natural Resources			
	2-26 Mechanisms for seeking advice and raising concerns	Stakeholder Engagement and Materiality Assessment The Board's Engagement			
	2-27 Compliance with laws and regulations	There were no significant instances of non-compliance with laws and regulations during the reporting period.			
	2-28 Memberships associations	The Group has not joined any memberships of associations			
Stakeholder engagement	2-29 Approach to stakeholder engagement	Stakeholder Engagement and Materiality Assessment			
	2-30 Collective bargaining agreements	There were no collective bargaining agreements in the Group during the Reporting Period.			
GRI 3: Material Topics 2021					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Stakeholder Engagement			
	3-2 List of material topics	Materiality Matrix			
GRI 205: Anti-corruption 2016					
GRI 3: Material Topics 2021	3-3 Management of material topics	Anti-corruption			
GRI 205-1	Operations assessed for risks related to corruption	Anti-corruption			
GRI 205-2	Communication and training about anti-corruption policies and procedures	Anti-corruption			
GRI 205-3	Confirmed incidents of corruption and actions taken	Anti-corruption			
GRI 206: Anti-competitive Behaviour 2016					
GRI 3: Material Topics 2021	3-3 Management of material topics	Business Strategy Anti-competitive Behaviour			
GRI 206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Anti-competitive Behaviour			
GRI 207: Tax 2019					
GRI 3: Material Topics 2021	3-3 Management of material topics	Business Strategy Tax			
GRI 207-1	Approach to tax	Tax			

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6. APPENDICES – continued

Appendix II – GRI Standards Content Index – continued

GRI Standard/other sources GRI	Disclosure	Section(s) (Page number)	Omission		
			Requirement(s) Omitted	Reason	Explanation
GRI 207-2	Tax governance, control, and risk management	Tax			
GRI 207-3	Stakeholder engagement and management of concerns related to tax	Tax			
GRI 401: Employment 2016					
GRI 3: Material Topics 2021	3-3 Management of material topics	Employment			
GRI 401-1	New employee hires and employee turnover	Employment			
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employment Employee Benefits and Equal Opportunity			
GRI 401-3	Parental leave	Employment			
GRI 403: Occupational Health and Safety 2018					
GRI 3: Material Topics 2021	3-3 Management of material topics	Employee Health and Safety			
GRI 403-1	Occupational health and safety management system	Employee Health and Safety			
GRI 403-2	Hazard identification, risk assessment, and incident investigation	Employee Health and Safety			
GRI 403-3	Occupational health services	The Group offers medical insurance, life insurance, personal accident insurance.			
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	There were no worker participation, consultation, and communication on occupational health and safety during the Reporting Period.			
GRI 403-5	Worker training on occupational health and safety	Employee Health and Safety			
GRI 403-6	Promotion of worker health	The Group offers medical insurance, life insurance, personal accident insurance.			
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	There were no prevention and mitigation of occupational health and safety impacts directly linked by business relationships during the Reporting Period.			
GRI 403-8	Workers covered by an occupational health and safety management system	Employee Health and Safety			
GRI 403-9	Work-related injuries	Employee Health and Safety			
GRI 403-10	Work-related ill health	There were no work-related fatalities due to work-related ill health during the Reporting Period.			

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6. APPENDICES – *continued*

Appendix II – GRI Standards Content Index – *continued*

GRI Standard/other sources GRI	Disclosure	Section(s) (Page number)	Omission		
			Requirement(s) Omitted	Reason	Explanation
GRI 408: Child Labour 2016					
GRI 3: Material Topics 2021	3-3 Management of material topics	Business Strategy Labour Standards			
GRI 408-1	Operations and suppliers at significant risk for incidents of child labour	Labour Standards			
GRI 409: Forced or Compulsory Labour 2016					
GRI 3: Material Topics 2021	3-3 Management of material topics	Business Strategy Labour Standards			
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Labour Standards			
GRI 418: Customer Privacy 2016					
GRI 3: Material Topics 2021	3-3 Management of material topics	Customer Data Collection and Privacy			
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Data Collection and Privacy			

Note: Any sections of omission in the GRI standards are either considered as not material to the Group and stakeholders or they are not relevant to the Group's business.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The board of directors (the “Directors” and the “Board”, respectively) and the management of Willas-Array Electronics (Holdings) Limited (the “Company”, together with its subsidiaries, the “Group”) are committed to the maintenance of good corporate governance practices and procedures. The Board firmly believes that conducting the Group’s business in a transparent and responsible manner and following good corporate governance practices will serve the long-term interests of all the shareholders of the Company (the “Shareholders”).

Since the listing of the Company’s ordinary shares (the “Shares”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “SEHK”) on December 6, 2013, the Company has adopted, for corporate governance purposes, the code provisions of the Corporate Governance Code set out in Appendix C1 to the Rules Governing the Listing of Securities on the SEHK (the “HK Listing Rules” and the “HK CG Code”, respectively), in addition to the Code of Corporate Governance 2018 of Singapore (the “Singapore CG Code”). Throughout the financial year ended December 31, 2025 (the “Year”), save as disclosed below, the Company had complied with all the code provisions of the HK CG Code and the principles and provisions of the Singapore CG Code.

Provision C.2.1 of the HK CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Provision 3.1 of the Singapore CG Code stipulates that the chairman and the chief executive officer are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making. Mr. Xie Lishu (“Mr. Xie”) currently assumes the roles of both the chairman of the Board (the “Chairman”) and the chief executive officer of the Company since October 22, 2025. Mr. Xie has extensive experience and in-depth knowledge in distribution of electronic components business. The Board believes that it is in the best interest of the Company to vest both roles in Mr. Xie, which provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies of the Group. A lead independent director has been appointed to provide leadership in situations where conflict of interest potentially exists when the Chairman executes his duties and the independent non-executive Directors (the “INEDs”) have made up a majority of the Board. The Board believes that a balance of power and authority has been and will be maintained.

In the event of any conflict among the bye-laws of the Company (the “Bye-Laws”), the HK CG Code and the Singapore CG Code, the Company will comply with the more onerous provision. As such, the Board considers that sufficient measures are in place to ensure the adequateness of the Company’s corporate governance practices.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

Composition

The composition of the Board during the Year was and as of the date of this report is as follows:

Executive Directors

Mr. Xie Lishu (*Chairman*)

Mr. Fan Qinsheng (*resigned with effect from October 22, 2025*)

Non-Executive Director (the “NED”)

Ms. Huang Shaoli

INEDs

Mr. Chong Eng Wee (*Lead Independent Director*)

Mr. Lau Chin Huat

Mr. Tso Sze Wai

Dr. Jiang Maolin

Currently, the Board comprises six members, one of whom is executive Director, one of whom is NED and four of whom are INEDs.

Pursuant to Provision 3.3 of the Singapore CG Code, the board should have a lead independent director to provide leadership in situations where the chairman is conflicted, and especially when the chairman is not independent. Accordingly, Mr. Chong Eng Wee (email address: ac@willas-array.com) was appointed by the Board as the lead independent Director. He is available to Shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman, the executive Director are inappropriate or inadequate.

Currently Mr. Xie, the Chairman and an executive Director, is the husband of Ms. Huang Shaoli, the NED. Save as disclosed above, there has been no financial, business, family or other material relationship amongst the Directors.

The Board, taking into account the nature of the operations of the Group, considers its current size and composition to be adequate for effective decision-making. Key information regarding the Directors' background, qualifications and other appointments is set out on pages 19 to 22 of this annual report.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS – *continued*

Composition – *continued*

The Board reviewed and considered that the following key features or mechanism under the Board are effective in ensuring that independent views and input are available to the Board:

- The compositions of the Board and the Board committees are periodically reviewed to ensure independency and competence of INEDs.
- INEDs receive fixed fees for their role as members of the Board and the Board committees as appropriate and are not entitled to participate in the employee share option scheme of the Company.
- Lead independent Director is appointed to provide leadership in situations where the Chairman is conflicted.
- Independent meetings between the Chairman and the INEDs have been held annually without executive directors present.

INEDs

During the Year, the Board at all times met the requirements of the HK Listing Rules relating to the appointment of not less than three INEDs representing at least one-third of the Board. Additionally, during the Year, the Board at all times met the requirements under Rule 210(5)(c) of the Listing Manual of Singapore Exchange Securities Trading Limited (the “SGX-ST” and the “SGX-ST Listing Manual”, respectively) relating to the appointment of at least two INEDs and that the independent Directors are to comprise at least one-third of the Board.

The Board also currently has complied with the requirement that at least one of such INEDs should possess the appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the HK Listing Rules.

Further, the Company has received from each current INED an annual written confirmation of his independence pursuant to Rule 3.13 of the HK Listing Rules and Rule 210(5)(d) of the SGX-ST Listing Manual and Provision 2.1 of the Singapore CG Code and the Board is satisfied that all the current INEDs were independent and met the independence guidelines set out in Rule 3.13 of the HK Listing Rules, Rule 210(5)(d) of the SGX-ST Listing Manual and Provision 2.1 of the Singapore CG Code throughout the Year or from his appointment date (as the case may be) and up to the date of this annual report.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS – *continued*

Role and Functions

The Board has the responsibility for the overall management of the Group. Apart from its statutory duties and responsibilities, the Board approves the nomination of Directors to the Board and the appointment of key management personnel upon the recommendation of the nomination committee of the Company (the “Nomination Committee”), oversees the management of the business and affairs of the Group, approves the Company’s corporate and strategic directions, determines the Company’s policies and practices on corporate governance upon the recommendation of the compliance committee of the Board (the “Compliance Committee”), reviews the financial performance of the Group, approves its interim and annual results upon the review and recommendation of the audit committee of the Company (the “Audit Committee”) and approves any investment proposals.

The Board’s role is also to (a) ensure that the necessary financial and human resources are in place for the Company to meet its objectives; (b) establish a framework of prudent and effective controls, which enables risks to be assessed and managed, including safeguarding Shareholders’ interests and the Company’s assets; (c) identify the key stakeholder groups and recognise that their perceptions affect the Company’s reputation; (d) set the Company’s values and standards (including ethical standards) and ensure that obligations to Shareholders and other stakeholders are understood and met; and (e) consider sustainability issues e.g. environmental and social factors, as part of its strategic formulation.

To assist the Board in fulfilling its responsibilities, the Board is provided with management reports containing complete, adequate and timely information, and papers containing relevant background or explanatory information required to support the decision-making process. In addition to information volunteered by management, the Board is entitled to request from management, and management will provide the Directors with such additional information, in a timely manner, as needed for the Board to make informed decisions. To oversee particular aspects of the Group’s affairs, the Board has established five Board committees, namely the Audit Committee, the Nomination Committee, the remuneration committee of the Company (the “Remuneration Committee”), the employee share option scheme committee (the “ESOS Committee”) and the Compliance Committee (together, the “Board Committees”). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference. All the Board Committees report to the Board on their decisions or recommendations made.

The Board has reserved for its consideration and approval issues in relation to (a) formulating the Group’s strategic objectives; (b) considering and deciding the Group’s significant operational and financial matters, including but not limited to substantial mergers, acquisitions and disposals; (c) overseeing the Group’s corporate governance practices; (d) upon the recommendation of the Remuneration Committee, determining the framework of remuneration packages for all Directors and senior management personnel of the Company (the “Senior Management Personnel”); and (e) directing and monitoring the Senior Management Personnel in pursuit of the Group’s strategic objectives. The Senior Management Personnel are mainly responsible for the day-to-day management and operation of the Group as well as the execution of the business plans, strategies and policies adopted by the Board and assigned to them from time to time. The Senior Management Personnel hold regular meetings to review and discuss the Group’s performance against budget, business strategy, operational issues and matters relating to corporate services, including finance and accounting, human resources, logistics and information technology.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS – *continued*

Role and Functions – *continued*

Should Directors, whether as a group or individually, need independent professional advice in the furtherance of their duties, the cost of such professional advice will be borne by the Company. The Directors and key officers of the Group are under appropriate insurance cover on Directors' and key officers' liabilities in respect of their risks arising from the business of the Group.

Role of Chairman and Chief Executive

Provision C.2.1 of the HK CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Provision 3.1 of the Singapore CG Code stipulates that the chairman and the chief executive officer are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making. Mr. Xie currently assumes the roles of both the Chairman and the chief executive officer of the Company since October 22, 2025. Mr. Xie has extensive experience and in-depth knowledge in distribution of electronic components business. The Board believes that it is in the best interest of the Company to vest both roles in Mr. Xie, which provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies of the Group. A lead independent director has been appointed to provide leadership in situations where conflict of interest potentially exists when the Chairman executes his duties and INEDs have made up a majority of the Board. The Board believes that a balance of power and authority has been and will be maintained.

The Chairman and the chief executive officer gives guidance on the corporate direction of the Group and is also involved in the scheduling and chairing of Board meetings and controlling the quality, quantity and timeliness of information supplied to the Board. The Chairman and the chief executive officer also (a) leads the Board to ensure its effectiveness on all aspects of its role; (b) promotes a culture of openness and debate at the Board; (c) ensures effective communication with Shareholders; (d) encourages constructive relations within the Board and between the Board and management; (e) facilitates the effective contribution of INEDs; (f) promotes high standards of corporate governance; and (g) setting the business strategies and directions for the Company and manages the business operations of the Company with other management staff.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS – *continued*

Induction, Orientation, Training and Continuous Professional Development

Each new Director will be issued with a formal service agreement or letter of appointment (as appropriate) and will be informed of the Company's policies, procedures, and Board Committees' charters. New Directors will be provided with appropriate orientation to acquaint them with the business, operational structure, strategy, management and governance practices of the Company. The Board recognises the importance of appropriate training for its Directors and participation in continuous professional development by its Directors. All the Directors and the Senior Management Personnel are encouraged to participate, at the Company's expense, in continuous professional development to develop and refresh their skills and knowledge, particularly on relevant new laws and regulations affecting, and the changing commercial risks relating to, the Group's business and governance practices from time to time.

The Company confirm that, all the then Directors during the Year, namely Mr. Xie Lishu, Ms. Huang Shaoli, Mr. Chong Eng Wee, Mr. Lau Chin Huat, Mr. Tso Sze Wai and Dr. Jiang Maolin, have participated in continuous professional development as required by Rules 3.09F, 3.09G and 3.09H of the HK Listing Rules during the Year. The continuous professional development was a 2 hours online seminar organised by The Hong Kong Institute of Directors on "Transformation of Business Strategy through Adoption of AI" held in December 2025. The above training was arranged and funded by the Company during the Year.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Executive Director has entered into a service agreement with the Company for a term of less than three years. Each of the INEDs and the NED has received an appointment letter from the Company for a term of two years or less.

Subject to the Companies Act 1981 of Bermuda (the "Bermuda Act") and in according with the Bye-Laws, the HK CG Code and Rule 720(5) of the SGX-ST Listing Manual, all the Directors, including the INEDs, shall retire by rotation at least once every three years and shall be eligible for re-election at the meeting at which he/she retires.

The Bye-Laws further provide that the Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the Board. According to the Bye-Laws, the Board shall also have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or, where a maximum number of Directors has been determined by the shareholders and the shareholders have authorised the Board to appoint additional Directors, as an additional Director. Any director so appointed either by the Company or by the Board shall hold office only until the first annual general meeting of the Company (the "AGM") after such Director's appointment and shall then be eligible for re-election at the meeting.

CORPORATE GOVERNANCE REPORT

BOARD MEETINGS

Conduct of Board proceedings and supply of and access to information

The Board held five meetings (including the prescribed four regular meetings) during the Year with notice given to the Directors at least 14 days (or such other period as agreed) in advance pursuant to the HK CG Code. Before each Board meeting, a draft agenda is sent out to all Directors at least 14 days (or such other period as agreed) in advance in order to allow the Directors to include in the agenda any other matters that are required for discussion and resolution in the meeting. To enable the Directors (and as far as practicable in all other cases) to make informed decisions, an agenda and accompanying Board papers together with all appropriate and relevant information in relation to the matters of the meeting are sent to all Directors or the Board Committee members (as the case may be) three days (or such other period as agreed) before each such meeting. Draft and final versions of minutes of all meetings would be sent to all Board and corresponding Board Committees' members for their comment and records within a reasonable time after the meetings.

All Directors have separate and independent access to the Senior Management Personnel and the company secretary of the Company (the "Company Secretary"), Ms. Chan Lai Yee. Where any Director requires more information than has been provided by management, that Director is able to make further enquiries where necessary, in order to fulfil his duties properly.

According to the HK Listing Rules, any Directors and their close associates (as defined in the HK Listing Rules) with a material interest in the transactions to be discussed in the Board meetings will abstain from voting on the resolutions approving such transactions and will not be counted in the quorum at the meetings. In addition, Directors' resolutions in writing are also circulated for transactions that require Directors' approval. However, if a Director has a conflict of interest in a matter to be considered by the Board, which the Board has determined to be material, the matter will be dealt with by a physical Board meeting rather than a written resolution. All Directors facing conflicts of interest will recuse themselves from discussions and decisions involving the issues of conflict.

CORPORATE GOVERNANCE REPORT

BOARD MEETINGS – *continued*

Number of Board, Board Committees and general meetings during the Year

The number of Board, Board Committees and general meetings of the Company held in the Year as well as the attendance record of every Board member at those meetings are as follows:

	Board Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	Compliance Committee Meeting	ESOS Committee Meeting	General Meeting
No. of Meetings Held in the Year	5	5	2	1	2	0	2
Name and Attendance of Directors:	Attended/ Eligible to Attend	Attended/ Eligible to Attend	Attended/ Eligible to Attend	Attended/ Eligible to Attend	Attended/ Eligible to Attend	Attended/ Eligible to Attend	Attended/ Eligible to Attend
Xie Lishu	5/5	x	x	x	x	0/0	2/2
Fan Qinsheng (<i>resigned on October 22, 2025</i>)	4/4	*2/2	*1/1	*1/1	*2/2	x	2/2
Huang Shaoli	5/5	x	0/0	x	x	x	2/2
Chong Eng Wee	4/5	5/5	2/2	1/1	2/2	x	2/2
Lau Chin Huat	4/5	5/5	2/2	1/1	2/2	x	2/2
Tso Sze Wai	4/5	5/5	2/2	1/1	2/2	0/0	2/2
Jiang Maolin	5/5	5/5	2/2	1/1	2/2	x	2/2

x indicates not applicable

* indicates not a member of the relevant committee but attended by invitation

The non-executive directors (including the INEDs), led by the lead independent Director, meet at least once a year without the presence of management, and the lead independent Director provides feedback to the Board and/or the Chairman as appropriate after such meetings.

CORPORATE GOVERNANCE REPORT

BOARD MEETINGS – *continued*

Number of Board, Board Committees and general meetings during the Year – *continued*

The Board Committees are provided with sufficient resources to discharge their duties. The respective written terms of reference for the Audit Committee, the Nomination Committee, the Compliance Committee and the Remuneration Committee are in line with the HK Listing Rules and posted on the respective websites of the SEHK and the Company.

The Company currently has no alternate Director.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements for the Year, which give a true and fair view of the state of affairs of the Company and the Group's results and cash flows for the Year and are properly prepared on a going concern basis in accordance with the applicable statutory requirements as well as financial reporting and accounting standards. The Directors are not aware of any material uncertainties relating to events or conditions which may affect the Company's business or cast significant doubt upon the Company's ability to continue as a going concern.

In addition, the statement made by Ernst & Young LLP ("EY"), the Company's independent auditors, regarding their reporting responsibility on the Company's consolidated financial statements for the Year is set out in the section headed "Independent Auditor's Report" on pages 154 to 160 of this annual report.

ACCOUNTABILITY

The Board is accountable to the Shareholders while the management of the Company is accountable to the Board. The management presents to the Board monthly management accounts as well as the unaudited half-year and the audited full-year financial statements and such explanation and information on a monthly basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects. The Audit Committee reports on the results to the Board for review and approval. The Board approves the financial results and authorises the release of the same to the SGX-ST, the SEHK and the public via SGXNET, the SEHK's website and the Company's website.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

During the Year, the Nomination Committee comprised three INEDs and one NED, namely Mr. Chong Eng Wee (as chairman), Ms. Huang Shaoli (appointed with effect from June 30, 2025), Mr. Lau Chin Huat, Mr. Tso Sze Wai and Dr. Jiang Maolin. INEDs have made up a majority of the Nomination Committee.

The Nomination Committee performs the following major functions:

- (a) Reviewing and making recommendations to the Board on all candidates nominated for appointment to the Board;
- (b) Reviewing and recommending to the Board on an annual basis, the Board structure, size and composition, taking into account the balance between the executive and non-executive as well as independent and non-independent Directors and having regard at all times to the principles of corporate governance under the Singapore CG Code and the HK CG Code;
- (c) Assisting the Board in maintaining a board skills matrix;
- (d) Identifying and making recommendations to the Board as to the Directors, including INEDs, who are to retire by rotation and to be put forward for re-election at each AGM, having regard to the Directors' contribution and performance;
- (e) Determining whether an INED is independent annually, and as and when circumstances require (taking into account the circumstances set out in the Singapore CG Code and the HK Listing Rules and other salient factors);
- (f) Proposing a set of objective performance criteria to the Board for approval and implementation, to evaluate the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board, and each Board Committee;
- (g) Reviewing and making recommendations to the Board on Board succession and the appointment/replacement of key management personnel; and
- (h) Reviewing the Company's policy on Board diversity (the "Board Diversity Policy") and any measurable objectives that the Board has set for implementing the Board Diversity Policy and the progress on achieving the objectives.

The Nomination Committee meets at least once a year and additional meetings are held whenever necessary. Matters requiring approval of the Nomination Committee may also be approved by resolutions in writing.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE – *continued*

During the Year, the Nomination Committee held two meetings and passed the resolutions in (i) recommending the re-election of Mr. Xie Lishu as an executive Director at the AGM held on June 27, 2025 (the “2025 AGM”) and nominating him as the Chairman following his re-election as an executive Director; (ii) recommending the re-election of Mr. Chong Eng Wee as an INED at the 2025 AGM; (iii) recommending the re-election of Mr. Tso Sze Wai as an INED at the 2025 AGM; and (iv) recommending the appointment of Ms. Huang Shaoli as the member of the Nomination Committee with effect from June 30, 2025.

The Nomination Committee also evaluated the effectiveness of the Board as a whole and each of the Board Committees during the Year, based on a set of objective performance criteria, including factors such as its processes and access to information and management, and oversight of the Company’s performance or its relevant function. Each Director was also individually assessed by the Nomination Committee having regard to his/her time commitment and contribution to the Board and the relevant Board Committees, as well as his/her ability to discharge his/her responsibilities effectively, based on relevant criteria such as his/her attendance both at meetings and on an ad hoc basis, his/her participation and contributions at Board and Board Committees’ meetings, his/her business and industry knowledge, his/her professional qualifications and work experience, existing directorships of issuers listed on the Main Board or GEM of SEHK and other significant external time commitments, as well as other factors or circumstances relevant to the director’s character, integrity, independence and experience. Executive Directors were also assessed based on qualitative and quantitative performance criteria, taking into account the profits and revenue growth of, and economic value added to, the Company. Each member of the Nomination Committee abstained from making any recommendations and/or participating in any deliberation and voting on any resolution in respect of the assessment of his own performance or re-appointment as a Director.

The Board concluded that its overall performance remains effective and successfully supports the Group’s strategic objectives and the collective skills and expertise of the Board are well-aligned with the Group’s current business model and future expansion plans.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE – *continued*

The Company adopted a nomination policy for Directors, which aims to set out the approach to guide the Nomination Committee in relation to the selection, appointment and re-appointment of the Directors. It also aims to ensure that the Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate for the requirements of the Company's business. The Nomination Committee evaluates, selects and recommends candidate(s) for directorships to the Board and evaluates and recommends the retiring Director(s) for re-appointment by giving due consideration to certain criteria, including but not limited to (a) diversity in the aspects, amongst others, of gender, age, cultural and educational background, professional experience, skills, knowledge and length of service; (b) commitment for responsibilities of the Board in respect of available time and relevant interest; (c) qualifications, both academic and professional, including accomplishment and experience in the relevant industries in which the Company's business is involved; (d) independence (for the INEDs); (e) reputation for integrity; (f) potential contributions that the individual can bring to the Board; and (g) plan(s) in place for an orderly succession of the Board.

The Nomination Committee may consult any source it considers appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, and recommendations from a third party agency firm with due consideration given to the above criteria and may adopt any process it considers appropriate in evaluating the suitability of the candidates, such as interviews and background checks. In the case of re-appointment of a retiring Director, the Nomination Committee will evaluate the overall contribution and service of the retiring Director to the Company. The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment or re-appointment.

The Company recognises and embraces the benefits of diversity of Board members. Therefore, the Company has established the Board Diversity Policy which sets out the framework that the Company has in place to achieve and to ensure that the Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments and re-appointments will continue to be made on a merit basis with due regard to the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE – *continued*

The Company targets to achieve diversity of the Board in skills among accounting, finance, legal, business and management, experience and knowledge among various industries, and gender with at least one female Board member. The Nomination Committee has reviewed the implementation of the Board Diversity Policy conducted during the Year and consider the current Board achieved diversity of skills, experience, knowledge and gender representations. The current Board members bring with them invaluable experience and collective core competencies such as accounting, finance, legal, business and management skills as well as industry expertise. These skills and experiences are particularly important in ensuring that the Board is effectively functioned.

The Company has also established the workforce diversity policy setting out the approaches to establish a diverse and inclusive workplace. The Group is committed to promote workforce diversity across all levels, including senior Management. The Group prohibits discrimination on the grounds of race, gender, disability, nationality, religious belief, age, sexual orientation, family status or any other factors. The Group is committed to providing equal opportunities in relation to recruitment, training and development, compensation, and career and promotion opportunities. The Group will ensure that the recruitment and selection practices at all levels are appropriately structured so that a diverse range of candidates is considered.

As at December 31, 2025, the male to female ratio in the senior management of the Group was approximately 2.33:1 and the workforce of the Group (excluding the Senior Management Personnel) was approximately 1.07:1, the Board considers that the gender diversity in its workforce has been achieved.

As at the date of this annual report, the Board consists of one female and five male Directors. The Board considers that the gender diversity in respect of the Board taking into account the business model and specific needs of the Company is satisfactory.

Pursuant to the Bye-Laws, every Director shall retire from office by rotation at least once every three years and will be eligible for re-election thereat. Accordingly, Ms. Huang Shaoli, as the NED, will retire from office by rotation at the forthcoming AGM pursuant to bye-law 104 of the Bye-Laws. The Nomination Committee has recommended to the Board that the above retiring Director be nominated for re-appointment at the forthcoming AGM. In making this recommendation, the Nomination Committee has considered the overall contribution and performance of the said Directors that had made and would make.

The Board has not determined the maximum number of listed company board representations which any Director may hold, and leaves it to each Director to personally determine the demands of his other responsibilities and commitments, and to assess whether he can continue to serve on the Board effectively. However, guided by the Nomination Committee, the Board considers whether each Director has dedicated sufficient time and attention to, and is able to perform and has adequately performed, his duties as a Director.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The Singapore CG Code requires all Remuneration Committee members to be non-executive directors, with the majority (including the chairman of the Remuneration Committee) to be independent Directors. During the Year, the Remuneration Committee comprised all INEDs, namely Mr. Tso Sze Wai (as chairman), Mr. Chong Eng Wee, Mr. Lau Chin Huat and Dr. Jiang Maolin. At all times, all members of the Remuneration Committee are INEDs.

The Remuneration Committee performs the following major functions:

- (a) Reviewing and recommending to the Board a framework of remuneration for the Board and the Senior Management Personnel covering all aspects of remuneration such as Director's fees, salaries, allowances, bonuses, options, benefits-in-kind, pension rights and compensation payments;
- (b) Reviewing and recommending to the Board on the specific remuneration package for each Executive Director and the Senior Management Personnel;
- (c) Reviewing and recommending to the Board on Directors' fees of the NEDs (including INEDs); and
- (d) Reviewing and approving the management's remuneration proposals by reference to the Board's corporate goals and objectives.

The Remuneration Committee meets at least once a year and additional meetings are held whenever necessary.

During the Year, the Remuneration Committee held one meeting and discussed and recommended to the Board for approval of the remuneration packages of the Executive Directors and recommended to the Board for approval of the Directors' fees of the NEDs (including INEDs).

Matters requiring approval of the Remuneration Committee may also be approved by resolutions in writing.

CORPORATE GOVERNANCE REPORT

REMUNERATION AND BENEFITS OF DIRECTORS AND TOP FIVE KEY EXECUTIVES

The Company advocates a performance-based remuneration system for the Executive Directors and the Senior Management Personnel that is flexible and responsive to the market, comprising a base salary as well as variable performance bonus structured so as to link rewards to the sustained performance and value creation of the Company. The remuneration is appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and Senior Management Personnel to successfully manage the Company for the long term. Executive Directors and the Senior Management Personnel are entitled to a basic salary and an incentive payment by reference to the amount of the net profit after taxation of the Group and/or the business segments that the Senior Management Personnel are responsible. The Remuneration Committee has adopted a framework which consists of a base fee to remunerate the NEDs (including the INEDs) based on their appointments and roles in the respective Board Committees, taking into account the level of contribution and factors such as effort, time spent and responsibilities. Directors' fees to be paid to the NEDs will be tabled for Shareholders' approval. The Directors' fees are reviewed annually to ensure that the INEDs are not overcompensated to the extent that their independence may be compromised. The following table shows a breakdown of the remuneration of the Directors for the Year:

	Salary	Bonus	Directors' Fees	Others	Total	Total
	%	%	%	%	%	S\$'000
Chairman & Executive Director						
Xie Lishu	–	–	100	–	100	151
Executive Director						
Fan Qinsheng ⁽¹⁾	87	4	–	9	100	75
NED						
Huang Shaoli	–	–	100	–	100	131
INEDs						
Chong Eng Wee	–	–	100	–	100	58
Lau Chin Huat	–	–	100	–	100	50
Tso Sze Wai	–	–	100	–	100	52
Jiang Maolin	–	–	100	–	100	50

(1) Mr. Fan Qinsheng resigned with effect from October 22, 2025.

CORPORATE GOVERNANCE REPORT

REMUNERATION AND BENEFITS OF DIRECTORS AND TOP FIVE KEY EXECUTIVES – *continued*

The remuneration of each of the top five Senior Management Personnel for the Year is as follows:

Remuneration Bands	Position as at December 31, 2025	Performance			Total
		Salary %	Bonus %	Others %	
Senior Management Personnel					
S\$250,000 – S\$499,999					
Li Wai, Eddy	President	80	15	5	100
Below S\$250,000					
Chau Tsun Hung, Addy	Assistant General Manager – South China	77	17	6	100
Cheung Mui Fung Wind	General Manager of Marketing	93	1	6	100
Cheung Yiu Wing, Teddy	General Manager – South China	78	17	5	100
Kwan Wing Kin, Samuel	General Manager of Marketing	84	10	6	100
Total Remuneration of top five Senior Management Personnel (S\$'000)		938	142	64	1,144
%		82%	12%	6%	100%

No employee was a substantial Shareholder, or is an immediate family member of a Director or a substantial Shareholder, and whose remuneration exceeded S\$100,000 during the Year.

The Company does not have any contractual provisions in its service agreements or employment contracts to reclaim incentive components of remuneration from the Executive Directors and the Senior Management Personnel. The Board is of the view that as the Group pays performance bonuses based on actual performance of the operating unit as well as individual performance, “claw-back” provisions in the service agreements or employment contracts may not be relevant or appropriate.

EMPLOYEE SHARE OPTION SCHEME COMMITTEE

During the Year, the ESOS Committee comprised Mr. Xie Lishu (as chairman) and Mr. Tso Sze Wai. The ESOS Committee is responsible for determining the persons who may participate in the Willas-Array Electronics Employee Share Option Scheme (“ESOS”) as well as the size, terms and conditions of the grants of share options.

During the Year, no meeting of the ESOS Committee was held as no new share option scheme was adopted and no share options were granted.

Willas-Array Electronics Employee Share Option Scheme III (“ESOS III”) was established pursuant to the approval of Shareholders at a special general meeting of the Company held on July 30, 2013. ESOS III was expired on July 29, 2023. No share options have been granted during the Year under ESOS III and no share options were outstanding as at December 31, 2025. For more information on ESOS, please refer to the section headed “Report of the Directors” (in particular, paragraph 23 thereof) and the consolidated financial statements (in particular, Note 39 thereof) of this annual report.

CORPORATE GOVERNANCE REPORT

COMPLIANCE COMMITTEE

During the Year, the Compliance Committee comprised all INEDs, namely Dr. Jiang Maolin (as chairman), Mr. Chong Eng Wee, Mr. Lau Chin Huat and Mr. Tso Sze Wai. All members of the Compliance Committee are INEDs.

The Compliance Committee performs the following major functions:

- (a) Reviewing and making recommendations to the Board in respect of the Company's policies and practices on corporate governance as well as compliance with applicable laws of Singapore and Hong Kong;
- (b) Monitoring the training and continuous professional development of the Directors and the Senior Management Personnel;
- (c) Reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) Developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees of the Company and the Directors; and
- (e) Reviewing the Company's compliance with the code provisions of the HK CG Code and the Singapore CG Code and the disclosure as required under the SGX-ST Listing Manual, the Singapore CG Code and the HK Listing Rules in relation to the Company's interim and annual reports, and the corporate governance report contained in the annual report in particular.

The Compliance Committee meets at least once a year and additional meetings are held whenever necessary.

During the Year, the Compliance Committee held two meetings and discussed and reviewed the Company's compliance with the code provisions of the HK CG Code and the principles and provisions of the Singapore CG Code.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

During the Year, the Audit Committee comprised all INEDs, namely Mr. Lau Chin Huat (as chairman), Mr. Chong Eng Wee, Mr. Tso Sze Wai and Dr. Jiang Maolin. All members of the Audit Committee are INEDs.

The Audit Committee performs the following major functions:

- (a) Reviewing the effectiveness of the audit process, independence and objectivity of the external auditors;
- (b) Reviewing with the external auditors the audit plan and their audit report;
- (c) Reviewing the Group's financial controls, operational controls, internal controls, compliance controls, information technology controls and risk management and internal control systems and thereafter recommending the same to the Board for approval;
- (d) Reviewing with the internal auditors the scope and results of the internal audit procedures and their evaluation of the overall internal control system;
- (e) Reviewing the Company's draft financial results and announcements before submission to the Board for approval;
- (f) Reviewing the assistance given by management to external and internal auditors;
- (g) Reviewing significant findings of internal investigations and significant financial reporting issues and judgements;
- (h) Considering and making recommendations to the Board on the appointment/re-appointment of the external auditors and their remuneration and terms of engagement; and
- (i) Reviewing the interested person transactions (as defined in the SGX-ST Listing Manual) and the connected transactions (as defined in the HK Listing Rules).

The Audit Committee meets at least twice a year and additional meetings are held whenever necessary. The Audit Committee also holds informal meetings and discussions with the management from time to time. The Audit Committee has full discretion to invite any Director or executive officer to attend its meetings.

The Audit Committee has been given full access to and is provided with the co-operation of the Directors and the Company's management. In addition, it has independent access to both internal and external auditors.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE – *continued*

All the Audit Committee members are kept up to date with changes in accounting standards and issues through updates from the external auditors. The Board is of the view that the members of the Audit Committee all have sufficient accounting and financial management expertise and experience to discharge the functions of the Audit Committee.

The Audit Committee meets periodically and at least twice a year with the external auditors, and once a year with the internal auditors, without the presence of the Company's management and has sufficient resources to enable it to discharge its functions properly.

The Audit Committee has reviewed the fees of non-audit services provided by the external auditors to the Company, and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. During the year, the Audit Committee met five times and reviewed the draft financial results of the Group for the nine months ended December 31, 2024 and the six months ended June 30, 2025 respectively, the audit plans and findings of the external auditors, the external auditors' independence, the Group's compliance with financial reporting/accounting standards, the HK Listing Rules and the SGX-ST Listing Manual and regulatory requirements, internal controls, risk management, adequacy of resources, staff qualifications and experience of the Company's finance and accounting functions, and continuing connected transactions and interested person transactions.

The Company confirms that it is in compliance with Rules 712 and 715 of the SGX-ST Listing Manual. The Company has in place a whistleblowing policy which is also available on the Company's website.

INDEPENDENT AUDITOR'S REMUNERATION

The fees in respect of the Year paid or payable to Ernst & Young LLP and its Shanghai member firm included audit services of approximately HK\$1,320,000 and no non-audit services rendered to the Group.

The auditors' remuneration of the Group and the Company are set out as below:

	HK\$'000
Ernst & Young LLP	600
Shanghai member firm of Ernst & Young LLP	720
Other auditors	1,048
	<hr/>
Total auditors' remuneration	2,368
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CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

The Company Secretary attends all Board and Board Committees' meetings, ensures that minutes of the Board, the Board Committees and general meetings of the Company are prepared and kept, and assists the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively.

The Company Secretary also ensures that the Bye-Laws and relevant rules and regulations, including requirements of the Bermuda Act, the SGX-ST Listing Manual and the HK Listing Rules, are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole to decide.

The Company Secretary has taken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the HK Listing Rules during the Year.

SHAREHOLDERS' RIGHTS, COMMUNICATIONS WITH SHAREHOLDERS AND CONDUCT OF SHAREHOLDER MEETINGS

All Shareholders are treated fairly and equitably and the Company fully recognises the need to facilitate the exercise of their rights as Shareholders. The Company has established a shareholders' communication policy (the "Shareholders' Communication Policy") for the Shareholders to obtain information from the Company and to communicate their views on various matters affecting the Company, as well as steps taken by the Company to solicit and understand the views of the Shareholders and stakeholders, and to allow the Shareholders to actively engage with the Company and to exercise their rights as Shareholders in an informed manner.

Further, Shareholders may make any query in respect of the Company and the Company will respond such query in a timely manner with relevant information (to the extent that such information is publicly available). Shareholders are also encouraged to provide their views to the Directors of the Company on matters affecting the Company. Such query and views can be addressed to the Company Secretary whose contact particulars are as follows:

Email address: ir@willas-array.com

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

Tel. No.: (852) 2418 3799

Fax No.: (852) 2484 1050

Shareholders' enquiries can also be directed to the Company's principal place of business in Hong Kong located at 24/F, Wyler Centre, Phase 2, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS, COMMUNICATIONS WITH SHAREHOLDERS AND CONDUCT OF SHAREHOLDER MEETINGS – *continued*

The Company generally does not practise selective disclosure unless permitted under the relevant laws and regulations. Information is disseminated via SGXNET, news releases and the respective websites of the Company and the SEHK on a timely basis. Price-sensitive information is publicly released, announced within the mandatory period and available on the respective websites of the Company, SGXNET and the SEHK. All Shareholders will receive the annual reports, the circulars and the notices of AGM and special general meetings of the Company (the "SGM") (together, the "Corporate Communications"). At the AGM, all Shareholders will be given the opportunity to air their views and direct their questions regarding the Group to the Directors, including the lead independent director and the chairmen of each of the Board Committees. The external auditors are also requested to be present to address any relevant queries by Shareholders. Shareholders are also given the opportunity to participate effectively in and vote at all general meetings of Shareholders. The Company informs Shareholders of the rules governing the conduct of such general meetings, including voting procedures.

There are separate resolutions at general meetings on each substantially separate issue. Where however the issues are interdependent and linked so as to form one significant proposal, the Company may propose "bundled resolutions", and will set out the reasons and material implications in the notices of the meetings. All the resolutions put to the vote at the AGM and the SGM will be voted on by poll and the detailed results of the poll will be announced via SGXNET and the respective websites of the SEHK and the Company. The minutes of the AGM and SGM, which record substantial and relevant comments or queries from Shareholders relating to the agenda of the AGM and SGM, and responses from the Board and management, are posted on the Company's website as soon as practicable after the meeting.

During the Year, the Company has maintained sufficient channels for all Shareholders to express their views and put forward their enquiries to the Directors. The Company has conducted an AGM on June 27, 2025 and a SGM on April 8, 2025, at which all Shareholders were given the opportunity to air their views and direct their questions regarding the Group to the Directors, including the lead independent director and the chairmen of each of the Board Committees. All the Shareholders were invited to submit their questions relating to the resolutions set out in the notice of the AGM and the SGM, the Company has responded to the questions as disclosed on our announcement dated June 20, 2025 and April 2, 2025. Corporate communications were published on the websites of the Company, SGXNET and the SEHK in a timely manner.

The forthcoming AGM of the Company will be held on or around April 29, 2026 at 9:30 a.m.

The Board has reviewed the implementation and effectiveness of the Shareholders' Communication Policy, including but not limited to (i) the proper despatch of the Corporate Communications; (ii) the steps taken at the general meetings to ensure the opportunities for the Company to have direct interactions with Shareholders, the handling of queries received (if any) from the Shareholders, and the participation of Board members, in particular, the chairmen of the Board Committees or their delegates, and external auditor at the AGMs; and (iii) the multiple channels of communication and engagement in place, as well as the update of information on the respective websites of the Company, SGXNET and the SEHK in a timely manner. With the above measures in place, the Board considers that the Shareholders' Communication Policy has been effectively implemented during the Year.

CORPORATE GOVERNANCE REPORT

STAKEHOLDER ENGAGEMENT

In relation to stakeholder engagement, the key stakeholders of the Group include employees, shareholders and investors, suppliers, customers, government and regulators and local communities. The Company recognises the importance of managing relationships with the various stakeholders and engages its stakeholders regularly in the determination of its material areas of focus in respect of its environmental, social and governance performance. In addition to issuing announcements and disclosures on SGXNET and the SEHK's website, the Company also maintains an informative investor relations website, through which Shareholders and the Company's other stakeholders can receive quality, meaningful and timely information on the Company. The Company also holds annual results briefings made available via webcast on its corporate website. Further details on the Company's approach to stakeholder engagement and materiality assessment can be found on pages 31 to 33 of this annual report.

PROCEDURES FOR SHAREHOLDERS TO PROPOSE A PERSON FOR ELECTION AS A DIRECTOR

Shareholder may put forward proposals in general meetings to nominate any person to stand for election as a Director.

A Shareholder who wishes to nominate a person to stand for election as a Director must duly lodge the following documents at the principal place of business in Hong Kong or at the registration offices of the Company as set out below for the attention of the Company Secretary:

- (a) a notice of the Shareholder's intention to propose such a resolution in the general meeting, duly signed by the Shareholder with his/her/its name and address stated clearly in a legible manner, the validity of which is subject to the verification and confirmation by the Company's branch share registrars/share transfer agent according to their records; and
- (b) a notice executed by the nominated candidate of his/her willingness to be appointed together with (i) such information of that candidate as would be required to be disclosed under Rule 13.51(2) of the HK Listing Rules, (ii) the candidate's written consent to the publication of his/her personal data, and (iii) the contact address and contact telephone number, etc. of the candidate.

CORPORATE GOVERNANCE REPORT

PROCEDURES FOR SHAREHOLDERS TO PROPOSE A PERSON FOR ELECTION AS A DIRECTOR – *continued*

In order to ensure that other Shareholders have sufficient time to receive and consider the information of the nominated candidate(s), Shareholders are urged to submit their proposals in case of nominating candidate(s) for election as Director, as early as practicable in advance of the relevant general meeting, but not less than eleven (11) clear days (where clear days in relation to a notice and/or a meeting means a period of days exclusive of the day on which it is served or deemed to be served and of the day for which it is given or scheduled to occur) before the date scheduled for holding the relevant general meeting, so that the Company can complete the verification procedure with the Company's share registrars, and procure the publication of an announcement and/or the despatch of a supplemental circular to Shareholders (where required) in compliance with the applicable requirements under the HK Listing Rules and the SGX-ST Listing Manual. In the event that any such proposal is received by the Company later than the 12th business day (where a business day means a day on which the SEHK and the SGX-ST are open for dealing/trading of securities) before the date of holding the relevant general meeting, the Company will need to consider whether to adjourn the relevant general meeting so as to give Shareholders a notice of at least ten (10) business days of the proposal in accordance with the HK Listing Rules.

Particulars of the principal place of business in Hong Kong and registration offices of the Company are set out below:

Principal Place of Business in Hong Kong:

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

Registration Office – Singapore:

Willas-Array Electronics (Holdings) Limited
c/o Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
Keppel Bay Tower
#14-07
Singapore 098632

Registration Office – Hong Kong:

Willas-Array Electronics (Holdings) Limited
c/o Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F
148 Electric Road
North Point
Hong Kong

Shareholders may refer to the relevant procedures available on the website of the Company (www.willas-array.com.cn).

CORPORATE GOVERNANCE REPORT

PROCEDURES FOR SHAREHOLDERS TO CONVENE SGMs

Shareholders who hold not less than 10% of the paid-up capital of the Company as at the date of depositing the requisition can convene an SGM by serving a written requisition notice to the Board or the Company Secretary for the purpose of requesting for convening an SGM. The written requisition shall be deposited at the Company's principal place of business in Hong Kong located at 24/F, Wyler Centre, Phase 2, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong, or the Company's registered office at Victoria Place, 5/F, 31 Victoria Street, Hamilton HM10, Bermuda for the attention of the Board or the Company Secretary.

The requisition will be verified by the Company's branch share registrar in Hong Kong or the Company's share transfer agent in Singapore (as the case may be). If the requisition is in order, the Board will, according to the applicable rules and regulations, issue sufficient notice to all Shareholders for convening the SGM. If the requisition is improper, the Company will notify the relevant requesting Shareholders of the objection and no SGM will be convened.

PROCEDURES FOR SHAREHOLDERS TO SEND ENQUIRIES AND PROPOSALS TO THE BOARD

Shareholders can forward their questions about shareholding, share transfer, registration and dividend payment to the Company's share transfer agent in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd. or the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited (as the case may be) whose contact particulars have been provided above.

For enquiries about the Company's information, Shareholders can contact Ms. Chan Lai Yee, the Company Secretary, whose contact particulars are as follows:

Email address: ir@willas-array.com

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

Tel. No.: (852) 2418 3700

Fax No.: (852) 2484 1050

or direct the enquiries to the Company's principal place of business in Hong Kong located at 24/F, Wyler Centre, Phase 2, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong.

To put forward proposals at an AGM or a SGM, Shareholders shall submit a written notice of those proposals with the detailed contact information to the Company Secretary at the Company's principal place of business in Hong Kong stated above.

The request will be verified by the Company's branch share registrar in Hong Kong or the Company's share transfer agent in Singapore (as the case may be) and upon its confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the resolution in the agenda for the general meeting.

CORPORATE GOVERNANCE REPORT

PROCEDURES FOR SHAREHOLDERS TO SEND ENQUIRIES AND PROPOSALS TO THE BOARD – *continued*

Moreover, the notice period concerning the notice to be given to all the other Shareholders for consideration of the proposals submitted by the Shareholders concerned varies as follows pursuant to bye-law 66 of the Bye-Laws and the HK Listing Rules as appropriate:

- (a) for an AGM and any SGM at which the passing of a special resolution is to be considered, it shall be called with notice of not less than twenty-one (21) clear days; and
- (b) for all other SGMs, they may be called with notice of not less than fourteen (14) clear days.

For the above purposes, a business day means a day on which the SEHK and the SGX-ST are open for dealing/trading in securities.

CONSTITUTIONAL DOCUMENTS

There were no changes in the constitutional documents of the Company during the Year.

Pursuant to Rule 13.90 of the HK Listing Rules, the Company has published its memorandum of association and Bye-Laws on the respective websites of the SEHK and the Company.

RISK MANAGEMENT AND INTERNAL CONTROLS AND INTERNAL AUDIT

The Company regularly reviews and improves its business and operational activities by taking into account the risk management perspective. The Board is directly responsible for the governance of risks and works closely with management to maintain a sound system of risk management and internal controls. The Board seeks to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks, and then reviews all significant control policies and procedures. Implementation of risk mitigation measures is done under the direct oversight of the Board. All significant matters and issues relating to financial matters are brought to the attention of the Audit Committee. For more information on the Company's risk management policies and processes, please refer to Note 44 to the consolidated financial statements of this annual report.

The Board acknowledge its responsibility for the Company's risk management and internal control systems, and confirms that the Company's risk management and internal control systems are appropriate and effective for the purposes set out in Principle D2 of the HK CG Code.

The Company's risk management and internal controls systems are designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial information, to safeguard and maintain the accountability of Shareholders' investment and the Company's assets, and to manage rather than eliminate the risk of failure to achieve its business objectives.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS AND INTERNAL AUDIT – *continued*

The review of the systems of risk management and internal controls is an ongoing process and the Board recognises the importance of such systems. In view of the Company's business and scale of operations, and in order to adopt the most cost-effective method of conducting periodic reviews of the Company's internal controls and risk management systems, the Board has continued to outsource the internal audit function to an external consulting firm. Acclime Consulting (Hong Kong) Limited, an international consulting firm, was re-appointed on August 16, 2021 as the Company's internal auditors for services from 2021 to 2025. In 2025, they had conducted a review on the inventory turnover management for Hong Kong operations, revenue and accounts receivable management and human resources and payroll for Shenzhen operations, non-competition of the Group and the Shanghai YCT Group, and conducted a follow-up review on last year's recommendations. In carrying out their work, the internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including the Audit Committee. The internal auditors reported directly to the chairman of the Audit Committee and the Audit Committee is satisfied that there has been no major shortfall in the areas of the Company's internal controls and risk management systems being evaluated and that adequate internal controls and risk management systems are in place. In view of the foregoing, the Audit Committee is satisfied that the internal audit function is independent, effective and adequately resourced with persons with relevant qualifications and experience, and has appropriate standing to discharge its responsibilities. The Company has conducted an annual review on whether there is a need to establish an internal audit department within the Company as there is presently no such department in the Company. Given the Company's relatively simple corporate and operational structure, as opposed to diverting resources to establish a separate internal audit department, the Audit Committee has recommended and the Board has concurred, that the Company will continue to outsource the internal audit function to an external consulting firm.

In addition to outsourcing the internal audit function to an external professional consulting firm, the Board, with the concurrence of the Audit Committee and after carrying out an annual review, is of the opinion that the internal controls and risk management systems of the Group are adequate and effective to address operational, financial, compliance and information technology risks. In arriving at the opinion, the Board considers that the internal controls and risk management systems of the Group provide reasonable assurance that the objectives set out below have been achieved.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS AND INTERNAL AUDIT – *continued*

For the purpose of the Board expressing its opinion and in line with the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) Internal Control Integrated Framework, “internal controls” is broadly defined as a process effected by an entity’s board of directors and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- (a) effectiveness and efficiency of operations;
- (b) reliability of financial reporting; and
- (c) compliance with applicable laws and regulations.

The first category addresses an entity’s basic business objectives, including performance and profitability goals and safeguarding of assets. The second category relates to the preparation of reliable published financial statements, including interim and full year financial reports and financial information derived from such statements, reported publicly. The third category deals with the compliance with those laws and regulations to which the entity is subject.

The Directors are of the view that the internal control measures currently implemented under the COSO Internal Control Integrated Framework are adequate and effective.

The Board has received assurance from the executive Director, Mr. Xie Lishu, and the financial consultant, Mr. Lee Lap Keung, of the Company that:

- (a) the financial records of the Group have been properly maintained and the financial statements for the Year give a true and fair view of the Group’s operations and finances; and
- (b) the systems of risk management and internal controls in place are adequate and effective in addressing the material risks of the Group in its current business environment.

WHISTLEBLOWING POLICY

The Company has in place a whistleblowing policy where employees and related third parties (e.g. customers and suppliers) of the Company may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters such as misconduct and malpractice. The Company has publicly disclosed on its website, and made available to employees, the existence of a whistleblowing policy and procedures for a whistle-blower to make a report to the Company on misconduct or wrongdoing relating to the Company and its officers.

CORPORATE GOVERNANCE REPORT

WHISTLEBLOWING POLICY – *continued*

To ensure that an independent investigation of such matters and an appropriate follow-up action are taken, all whistleblowing reports are sent to the chairman and/or members of the Audit Committee, who are also INEDs. The Audit Committee is responsible for oversight and monitoring of the administration of the whistleblowing. The objective of the Audit Committee is to ensure that arrangements are in place for the relevant concerns to be raised and independently investigated, and for appropriate follow-up action to be taken.

The Group will make every reasonable effort within its capacity to protect the identity of the whistle-blower so as to ensure that the identity of the whistle-blower is kept confidential, subject to legal or regulatory requirements. All information disclosed during the course of investigation will remain confidential, except as necessary or appropriate to conduct the investigation and to take any remedial action, in accordance with any applicable laws and regulations. The Group prohibits discrimination, retaliation or victimization of any kind against a whistle-blower who submits a complaint or report in good faith. Anonymous complaints will also be accepted and investigated.

No whistleblowing reports were received by the Audit Committee for the Year.

ANTI-CORRUPTION POLICY

The Company has in place an anti-corruption policy to provide guidance on standards of conduct regarding the prevention of corruption, bribery extortion and fraud and to assist such persons in recognizing circumstance which may lead to or give the appearance of involving corruption or unethical business conduct.

DISCLOSURE OF INSIDE INFORMATION

The Group acknowledges its responsibilities in accordance with the Guidelines on Disclosure of Inside Information published by the Securities and Futures Commission of Hong Kong in June 2012 and any applicable laws and regulations, including the provisions of the Hong Kong Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, the HK Listing Rules, the Singapore Securities and Futures Act 2001 (Singapore) and the SGX-ST Listing Manual and has adopted an inside information policy. Under the policy, the procedures and internal controls for the handling and dissemination of inside information are as follows:

- (a) the Company should announce the inside information immediately where it is necessary to avoid the establishment of a false market in the Company's securities or would be likely to materially affect the price or value of the Company's securities;
- (b) the Board shall take reasonable precautions for preserving the confidentiality of inside information and the relevant draft announcement (if applicable) before publication;

CORPORATE GOVERNANCE REPORT

DISCLOSURE OF INSIDE INFORMATION – *continued*

- (c) the Company should make the announcement disclosing the inside information through the electronic publication systems operated by the SEHK, SGXNET and the Company's website; and
- (d) the Group has established and implemented procedures for dealing with media speculation, market rumours and analysts' reports.

DEALING IN SECURITIES/DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct on share dealings by the Directors and the Senior Management Personnel. The guidelines set out in the code of conduct (Rule 1207(19) of the SGX-ST Listing Manual) include that the Directors and the Senior Management Personnel:

- (a) are prohibited from trading in the Shares for a period of one month prior to the publication of the Company's results announcement;
- (b) are reminded that they should not deal in the Shares on short-term considerations;
- (c) are strictly required to observe the insider trading laws under the Securities and Futures Act 2001 (Singapore) at all times; and
- (d) are required to report to the Company whenever they deal in the Shares. The Company will in turn report to the public through SGXNET announcements as required under the above Securities and Futures Act.

The Company has also adopted the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 to the HK Listing Rules (formerly Appendix 10 to the HK Listing Rules) (the "HK Model Code") as its own code of conduct for dealing in securities of the Company by the Directors.

The Company had made a specific enquiry with each of the Directors in office during the Year and such Directors have confirmed their compliance with relevant required dealing standards stipulated in the HK Model Code during the Year.

CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

The Board has approved and adopted a dividend policy (the “Dividend Policy”). The aim of the Dividend Policy is to allow Shareholders to participate in the Company’s profits whilst retaining adequate reserves for the future growth of the Group.

In considering any dividend payout, the Board shall consider the following:

- (a) the Group’s actual and expected financial results;
- (b) the financial conditions of the Group;
- (c) the Group’s working capital requirements, capital expenditure requirements and future expansion plans;
- (d) the Group’s liquidity position;
- (e) the possible effects on the Group’s credit-worthiness, the financial covenants to which the Group is subject and any restrictions on the payment of dividends that may be imposed by the Group’s lenders;
- (f) the general economic and political conditions and other external factors that may have an impact on the future business and financial performance of the Group; and
- (g) any other factors that the Board deems relevant.

The Board confirms that the dividend decisions were made in accordance with the Company’s dividend policy. The payment of dividend is also subject to compliance with applicable laws and regulations, including the laws of Bermuda, the financial reporting standards that the Group has adopted and the Bye-Laws. The Board will continually review the Dividend Policy from time to time and reserves the right to amend or modify the Dividend Policy as and when the Board may deem necessary. There can be no assurance that dividends will be paid in any particular amount for any given period.

The Board has resolved not to recommend the payment of a final dividend for the Year as the Group intends to retain cash for the business operations and future growth.

MATERIAL CONTRACTS (RULE 1207(8) OF THE SGX-ST LISTING MANUAL)

Save as disclosed in the section headed “Corporate Governance Report – Interested Person Transactions/Connected Transactions” in this annual report, no material contracts of the Company or its subsidiaries involving the interest of the executive Director or any Director or controlling shareholders of the Company (as defined in the SGX-ST Listing Manual) subsisted at the end of the Year or were entered into since the end of the previous financial period ended December 31, 2024.

REPORT OF THE DIRECTORS

The directors (the “Directors”) of Willas-Array Electronics (Holdings) Limited (the “Company”) present their report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the “Group”), including the statement of financial position and the statement of changes in equity of the Company for the financial year ended December 31, 2025 (the “Year”).

1. PRINCIPAL ACTIVITIES

During the Year, the Company acted as an investment holding company and its subsidiaries were primarily engaged in the distribution of electronic components in mainland China, Hong Kong and Taiwan.

2. BUSINESS REVIEW

A fair review of the business of the Group as well as a discussion on the Group’s future business development and the principal risks and uncertainties facing the Group can be found in the “Chairman’s Statement” and “Management Discussion and Analysis” set out on pages 8 to 9 and pages 10 to 18, respectively of this annual report. An analysis of the Group’s financial risk management is provided in Note 44 to the consolidated financial statements.

An analysis of the Group’s performance during the Year using financial key performance indicators is provided in the “Financial Highlights” on pages 4 and 5 of this annual report.

As the Group recognises its responsibility to protect the environment from its business activities, it continually seeks to identify and manage environmental impacts attributable to its operational activities in order to minimise these impacts, if possible. The Group aims to maximise energy conservation in its offices and warehouses by promoting an efficient use of the resources and adopting green technologies. For instance, the Group continues to upgrade the communication equipment such as video conference system to minimise carbon dioxide emissions and lessen the need to travel to offices located in various geographical locations.

During the Year, the Group had complied with all the laws and regulations applicable to the business operations of the Group, including but not limited to the Rules Governing the Listing of Securities (the “HK Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “SEHK”) and the applicable laws of Bermuda in which the Company is incorporated.

REPORT OF THE DIRECTORS

2. BUSINESS REVIEW – *continued*

The Group's success depends on, amongst other matters, the support from key stakeholders which/who comprise employees, shareholders, customers and suppliers. Employees are regarded as the most important and valuable assets of the Group. The objective of the Group's human resource management is to reward and recognise good performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression by providing appropriate training and opportunities within the Group for career advancement. One of the corporate goals of the Group is to enhance corporate value to all shareholders of the Company (the "Shareholders"). The Group is poised to foster business developments for improving the Group's financial performance and rewarding Shareholders by stable dividend pay-outs in the foreseeable future when sustainable earnings growth can be achieved, taking into account the capital adequacy levels, liquidity positions and business expansion needs of the Group. The Group aims to maintain not only good and sustainable relationship with its customers and suppliers in order to achieve stable growth in sales, but also a stable supply chain. The Group has an experienced and stable management team and its senior managers have an average of over 10 years of management experience.

Further discussion of the Group's policies on environmental, social and governance is set out in the "Environmental, Social and Governance Report" on pages 26 to 101 of this annual report.

Save as disclosed in this annual report, there are no important events affecting the Group, which occurred after the end of the Year.

3. RESULTS AND DIVIDEND

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on pages 161 to 162 of this annual report.

The board of Directors (the "Board") has resolved not to recommend the payment of a final dividend for the Year as the Group intends to retain cash for the business operations and future growth (nine months ended December 31, 2024: nil).

REPORT OF THE DIRECTORS

4. CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2026 annual general meeting of the Company (the “AGM” and the “2026 AGM”, respectively)

For the purpose of determining the entitlement of the Shareholders to attend and vote at the 2026 AGM, for Hong Kong Shareholders, the Hong Kong branch Register of Members (the “Hong Kong Branch Register”) will be closed from Friday, April 24, 2026 to Wednesday, April 29, 2026, both days inclusive. During this period, no transfer of the Shares will be registered. In order to qualify for attending and voting at the 2026 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, April 23, 2026. The record date for the purpose of determining the eligibility of the Shareholders to attend and vote at the 2026 AGM will be Thursday, April 23, 2026.

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, April 23, 2026. 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, #14-07, Singapore 098632, up to and including 5:00 p.m. on Thursday, April 23, 2026 will be registered to determine Singapore Shareholders’ entitlements to attend and vote at the 2026 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, April 15, 2026 for Hong Kong Shareholders and not later than 5:00 p.m. on Wednesday, April 15, 2026 for Singapore Shareholders.

5. FIVE-YEAR FINANCIAL SUMMARY

A summary of the results as well as the assets and liabilities of the Group for the past five financial years is set out on pages 6 and 7 of this annual report.

6. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

Details of movements in the property, plant and equipment and investment property of the Group during the Year are set out in Notes 17 and 19 respectively to the consolidated financial statements.

7. RESERVES

Details of movements in the reserves of the Group during the Year are set out in Note 39 to the consolidated financial statements and in the consolidated statement of changes in equity.

REPORT OF THE DIRECTORS

8. DISTRIBUTABLE RESERVES OF THE COMPANY

In addition to the retained profits, under the Companies Act 1981 of Bermuda, the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend or make a distribution out of contributed surplus if:

- (1) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (2) the realizable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

In the opinion of the Directors, the reserves of the Company which were available for distribution to Shareholders as at December 31, 2025 were approximately HK\$192,248,000 (December 31, 2024: HK\$190,979,000).

9. SUBSIDIARIES AND ASSOCIATE

Details of the principal subsidiaries and an associate of the Company as at December 31, 2025 are set out in Notes 47 and 21 respectively to the consolidated financial statements.

10. SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in Note 38 to the consolidated financial statements.

11. DIRECTORS

The name of each Director during the Year and up to the date of this annual report is as follows:

Executive Director:

Mr. Xie Lishu (*Chairman*)

Non-executive Director:

Ms. Huang Shaoli

Independent Non-executive Directors (the “INEDs”):

Mr. Chong Eng Wee (*Lead Independent Director*)

Mr. Lau Chin Huat

Mr. Tso Sze Wai

Dr. Jiang Maolin

REPORT OF THE DIRECTORS

11. DIRECTORS – *continued*

In accordance with bye-law 104 of the Bye-Laws, Ms. Huang Shaoli will retire from office and, being eligible for re-election at the 2026 AGM, she has offered herself for re-election.

At all times during the Year, the Company had met the requirements under Rules 3.10 and 3.10A of the HK Listing Rules relating to the appointment of not less than three INEDs, representing at least one-third of the Board and with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received from each of the current INEDs an annual written confirmation of his independence pursuant to Rule 3.13 of the HK Listing Rules as well as the provisions of the Code of Corporate Governance 2018 of Singapore and the Company considers that all current INEDs are independent.

12. DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the 2026 AGM has or is proposed to have an unexpired service contract or appointment letter with the Company, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

13. DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors or any entity connected with them had a material interest in any business, apart from the business of the Group, which competed or was likely to compete, either directly or indirectly, with the business of the Group during the Year.

Mr. Xie Lishu ("Mr. Xie") was appointed as a Non-executive Director and Chairman of the Board as well as the chairman of the employee share option scheme committee of the Board with effect from May 20, 2023 and re-designated as an Executive Director and Chairman of the Board as well as the chairman of the employee share option scheme committee of the Board with effect from October 21, 2024. Ms. Huang Shaoli ("Ms. Huang"), the wife of Mr. Xie was appointed as a Non-executive Director with effect from May 20, 2023.

Mr. Xie and Ms. Huang (collectively, the "Appointed Directors") are directors and controlling shareholders of Shanghai YCT Electronics Group Co. Ltd ("Shanghai YCT"). Since the Company and Shanghai YCT (including their respective underlying entities) are in the same industry (i.e., an authorized distributor of electronic components for use in various industries as well as provision of engineering solutions), have the same or similar business model, operate in the same geographical region and have overlapping upstream suppliers and end customers, the Appointed Directors may face potential conflicts of interests.

REPORT OF THE DIRECTORS

13. DIRECTORS' INTERESTS IN COMPETING BUSINESS – *continued*

In order to implement effective conflict of interests management and delineate the business of the Company from that of Shanghai YCT, the Company is prepared to adopt/has adopted the following measures:

- (1) restricting the Appointed Directors from participating in the management of the Company's business where there is actual or potential competition;
- (2) having a sufficient number of independent directors, who have requisite knowledge, industry experience and expertise, on the Board to advise on the conflicted transactions and business decisions, whilst the Appointed Directors would abstain from voting;
- (3) the Appointed Directors having provided an enforceable non-competition undertaking in favour of the Company (the "Undertaking"); and
- (4) the Appointed Directors having granted a right of first refusal to the Company on behalf of Shanghai YCT where it is aware of a new business opportunity relating to the business conducted by the Company or intends to dispose of the competing business.

The content of the Undertaking includes:

- a) if each of the Appointed Directors proposes to the Board or the Company that any business lines, business segments, material end-customers or any core business strategies the Company currently and in the future focuses on shall be discontinued, reduced, and or transfer to Controlled Persons¹, close associates (as defined in the Hong Kong Listing Rules), and/or member companies of the Texin group, and/or any matters that may lead to potential conflicts of interest ("Proposals"), each of the Appointed Directors shall not be allowed to participate or if present in such meeting not be counted towards the quorum or allowed to vote in such meeting, and such Proposals shall be considered and decided solely by the other Board members who do not have an interest in the Proposal (the "Independent Board");
- b) the Independent Board shall be responsible for deciding, without attendance by any of the Appointed Directors (except as invited by the Independent Board to assist them or provide any relevant information but in no circumstances shall the Appointed Directors participating in such meeting be counted towards the quorum or allowed to vote in such meeting), whether or not to take up a new business opportunity referred to the Company and exercise the right of first refusal;

¹ "Controlled Persons" means in relation to each of the Appointed Directors and persons to whom each of the Appointed Directors provides financial assistance to set up and operate businesses.

REPORT OF THE DIRECTORS

13. DIRECTORS' INTERESTS IN COMPETING BUSINESS – *continued*

- c) the INEDs may employ an independent financial/legal/industrial advisor (as the case may be) as they consider necessary to advise them on the terms of any new business opportunity and the right of first refusal (if applicable);
- d) each of the Appointed Directors shall make annual declaration by providing a written confirmation to the Company confirming he/she has fully complied with the non-competition undertakings;
- e) upon receiving the confirmation, the INEDs of the Company shall review, on an annual basis, the compliance of the non-competition undertakings given by each of the Appointed Directors, and any decisions in relation to new business opportunities referred to the Company, and exercise of right of first refusal (if applicable), and where required by the Hong Kong Listing Rules shall not be restricted in any way to state their basis and reasons in the Company's annual report;
- f) the INEDs of the Company shall be granted full access of financial information and other information they request from the managers of the Company and the Appointed Directors in order to make an informed decision. The INEDs of the Company shall make each decision based on any factors they consider appropriate and which they consider is beneficial to the Group;
- g) the Company shall not be restricted in any way in disclosing details of any potential competing interests including the business being conducted by the Texin group from time to time in the Company's annual reports to its shareholders;
- h) the Company shall not be restricted in any way in disclosing any new development of any potential competing interests in the Company's annual reports to its shareholders; and
- i) in the event that the Company decides not to proceed with any particular projects or business opportunities and that the Appointed Directors or their close associates (as defined in the Hong Kong Listing Rules), Controlled Persons and/or member companies of the Texin group decide to proceed with such a project or business opportunity, the Company may determine to announce such decision by way of an announcement setting out therein the basis for the Company not taking up the project or business opportunity.

Further, the Appointed Directors shall also recuse themselves from discussions and decisions of the Board involving any issues of their conflict of interests, and shall abstain from voting as directors on the relevant matters.

REPORT OF THE DIRECTORS

14. DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Report of the Directors – Interested Person Transactions/ Connected Transactions" in this annual report, none of the Directors or an entity connected with a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance in relation to the business of the Group to which the Company or its holding company or any of its subsidiaries or fellow subsidiaries was a party, subsisting during or at the end of the Year.

15. CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Report of the Directors – Interested Person Transactions/ Connected Transactions" in this annual report, no controlling shareholder of the Company or any of its subsidiaries had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance (whether for the provision of services to the Group or not) in relation to the business of the Group to which the Company or its holding company or any of its subsidiaries or fellow subsidiaries was a party during the Year.

16. ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Neither at the end of the Year nor at any time during the Year did there subsist any arrangement (to which the Company or any of its holding companies, fellow subsidiaries or subsidiaries was a party) whose object was to enable the Directors to acquire benefits by means of the acquisition of shares or debt securities (including debentures) of the Company or any other body corporate except for the share options mentioned in paragraphs 23 and 24 of this report.

17. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The Directors holding office at the end of the Year had no interests in the share capital and debentures of the Company and related corporations except as follows:

	Shareholdings registered in the name of a Director		Shareholdings in which a Director was deemed to have an interest	
	At beginning of the Year	At end of the Year	At beginning of the Year	At end of the Year
The Company				
Mr. Xie Lishu	–	–	76,955,745	76,955,745
Ms. Huang Shaoli	–	–	76,955,745	76,955,745

The Directors' interests as at January 21, 2026 were the same as those at the end of the Year.

REPORT OF THE DIRECTORS

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

As at December 31, 2025, 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 HK Listing Rules (the "HK Model Code"), were as follows:

Long position in the shares of the Company (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⁾	–	–	76,955,745	76,955,745	74.72
Huang Shaoli ⁽²⁾	–	76,955,745	–	76,955,745	74.72

Notes:

- (1) Xie Lishu ("Mr. Xie"), being the chairman of the Board and the Executive Director, is deemed to be interested in the 76,955,745 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) Huang Shaoli ("Ms. Huang"), being the Non-executive Director, is deemed to be interested in the 76,955,745 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 December 31, 2025 (i.e. 102,989,049 Shares).

Save as disclosed above, as at December 31, 2025, none of the Directors or the chief executive of the Company had any interests or short positions in the 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.

REPORT OF THE DIRECTORS

19. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS OR SHORT POSITIONS IN THE SHARES OR UNDERLYING SHARES

As at December 31, 2025, 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 ⁽²⁾ (%)
	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Corporate interests (interest of controlled corporations)		
Shanghai YCT ⁽¹⁾	–	–	76,955,745	76,955,745	74.72
Kunshan Archer ⁽¹⁾	–	–	76,955,745	76,955,745	74.72
Texin ⁽¹⁾	76,955,745	–	–	76,955,745	74.72

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 76,955,745 Shares held by Texin, by virtue of the SFO.
- (2) The percentage represents the total number of the Shares interested divided by the number of issued Shares as at December 31, 2025 (i.e. 102,989,049 Shares).

Save as disclosed above, as at December 31, 2025, 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.

REPORT OF THE DIRECTORS

20. DIRECTORS' RECEIPT OF AND ENTITLEMENT TO CONTRACTUAL BENEFITS

During the Year, none of the Directors received or became entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or a firm of which he is a member, or with a company in which he has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the attached consolidated financial statements.

21. BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management of the Group are set out on pages 19 to 25 of this annual report.

22. 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 interim report for the six months ended June 30, 2025 of the Company and up to date of this annual report required to be disclosed are as follows:

Ms. Huang Shaoli, the Non-executive Director, was appointed as a member of the nomination committee of the Company with effect from June 30, 2025.

Mr. Fan Qinsheng resigned as an Executive Director with effect from October 22, 2025.

Mr. Chong Eng Wee, an INED, was appointed as a non-executive and independent director of Aoxin Q&M Dental Group Limited (SGX-ST stock code: 1D4) and Quantum Healthcare Limited (SGX-ST stock code: V8Y), the company secretary of Coliwoo Holdings Limited (SGX-ST stock code: W8W). He resigned as the company secretary of GS Holdings Limited (SGX-ST stock code: 43A).

REPORT OF THE DIRECTORS

23. SHARE OPTIONS TO TAKE UP UNISSUED SHARES

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

ESOS III in general

ESOS III was adopted by an ordinary resolution of the Shareholders at the special general meeting of the Company held on July 30, 2013. ESOS III 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 the Year.

The total number of Shares available for issue under ESOS III was 0, which represented 0.00% of the issued Shares as at the date of this annual report.

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

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.

The period within which a share option may be exercised under ESOS III will be determined by the Board at the time of grant, save that such period must not exceed 10 years from the date of grant of the relevant share option.

Share options granted to a Director, chief executive or substantial shareholder (as defined in the HK Listing Rules) of the Company, or to any of their respective associates (as defined in the HK Listing Rules), are subject to the approval in advance by the INEDs. In addition, any share options granted to a substantial shareholder of the Company or an INED, or any of their respective associates, in the 12-month period up to and including the date of grant, in aggregate over 0.1% of the issued Shares and with an aggregate value (based on the closing price of the Shares on the date of grant) in excess of HK\$5 million, must be approved by the Shareholders in a general meeting.

Unless approved by the Shareholders in general meeting at which the relevant participant and his/her close associates (or his/her associates if the participant is a connected person) (as defined in the HK Listing Rules) of the Company abstain from voting in the manner prescribed by the relevant provisions of Chapter 17 of the HK Listing Rules and the listing manual (the “SGX-ST Listing Manual”) of Singapore Exchange Securities Trading Limited (the “SGX-ST”), the total number of Shares issued and to be issued upon exercise of the share options granted to such participant (including exercised, forfeited and outstanding share options) in any 12-month period must not exceed 1% of the Shares in issue at such time.

REPORT OF THE DIRECTORS

23. SHARE OPTIONS TO TAKE UP UNISSUED SHARES – *continued*

Particulars of ESOS III during the Year

Particulars of the share options outstanding under ESOS III during the Year and the share options granted, exercised, lapsed and forfeited during the Year were as follows:

Category of participants	Date of grant	Number of underlying Shares comprised in share options					Balance as at December 31, 2025	Exercise price per Share	Exercise period
		Balance as at January 1, 2025	Granted during the Year	Exercised during the Year	Lapsed during the Year	Forfeited during the Year			
Employees in aggregate	July 17, 2017	297,000	-	(297,000)	-	-	-	HK\$3.91	July 18, 2018 to July 17, 2027
Employees in aggregate	December 2, 2020	50,000	-	-	-	(50,000)	-	HK\$2.61	December 3, 2021 to December 2, 2030
		<u>347,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(347,000)</u>	<u>-</u>		

None of the employees holding 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 respective percentage of the total number of the issued Shares in the 12-month period up to and including the date of grant as stated in ESOS III.

No participants of the ESOS III have received share options representing 5% or more of the total number of the underlying Shares available for issue under ESOS III.

No executive directors and employees of the Group have been granted any share options entitling them to subscribe for more than 1% of the total issued Shares in the 12-month period up to and including the date of grant.

Each share option grants the holder the right to subscribe for one Share. The share options may be exercised in full or in part thereof. Share options granted will be forfeited when the holder is no longer a full-time employee of the Company or any member corporation in the Group subject to certain exceptions at the discretion of the Company.

There were no participants of the ESOS III, who are controlling shareholders (as defined in the HK Listing Rules and the Main Board rules of the SGX-ST Listing Manual) of the Company and their associates.

REPORT OF THE DIRECTORS

24. SHARE OPTIONS EXERCISED

During the Year, 297,000 Shares had been issued by virtue of the exercise of share options under ESOS III to take up any unissued Shares.

25. UNISSUED SHARES UNDER OPTION AND EQUITY-LINKED AGREEMENTS

As at the end of the Year, there were no unissued shares of the Company or any member corporations in the Group under option, except for ESOS III disclosed in paragraph 24 above.

Save as the share options granted, no equity-linked agreements that (i) will or may result in the Company issuing Shares or (ii) require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during the Year or subsisted at the end of the Year.

26. PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-Laws or the laws of Bermuda, which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

27. SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Board confirm that, as at the end of the Year, the Company has complied with Rule 13.32B of the HK Listing Rules that at least 25% of the issued Shares have been held by the public (i.e. the initial prescribed threshold applicable to the Company under the HK Listing Rules) since the completion of subscription of shares on July 15, 2025 as disclosed in the announcement of the Company dated July 15, 2025 up to the date of this annual report. The public float of the Company is 25.28% at the end of the Year in relation to the ordinary Shares composing all the share capital of the Company.

28. MAJOR CUSTOMERS AND SUPPLIERS

During the Year,

- (1) sales to the Group's five largest customers accounted for approximately 22.07% of the total sales for the Year and the single largest customer accounted for approximately 8.41%; and
- (2) purchases from the Group's five largest suppliers accounted for approximately 85.8% of the total purchases for the Year and the single largest supplier accounted for approximately 45.0%.

None of the Directors or any of their close associates (as defined in the HK Listing Rules) or any Shareholders (who, to the best knowledge of the Directors, own more than 5% of the number of the issued Shares) had any interests in the Group's five largest customers and suppliers.

REPORT OF THE DIRECTORS

29. EMOLUMENT POLICY

The Remuneration Committee reviews and makes recommendations to the Board on the remuneration and compensation packages of the Directors and senior management by reference to the salaries paid by comparable companies, the time commitment and responsibilities of the Directors and senior management and the performance of the Group.

Details of the emoluments of the Directors and the five individuals of the Group with the highest emoluments for the Year are set out in Notes 13 and 14, respectively to the consolidated financial statements.

Employees of the Group are selected, remunerated and promoted on the basis of their merit, qualification, competence and contribution to the Group.

30. RETIREMENT BENEFIT SCHEMES/PENSION SCHEMES

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, whereby the Group is required to pay contributions for such employees at a certain rate of the wages determined by the relevant authorities in Hong Kong and Taiwan, respectively. The Group is also required to make 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 China in accordance with the applicable laws and regulations of China.

The Group has no other material obligation for payment of retirement benefits or pension to its employees beyond the contributions described above. Details of the Group's retirement benefit schemes/pension schemes are set out in Note 42 to the consolidated financial statements.

31. TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the Shares.

If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising any rights in relation to, the Shares, they are advised to consult a professional in taxation.

32. MANAGEMENT CONTRACT

No contracts, other than employment contracts and Directors' contracts of service, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

REPORT OF THE DIRECTORS

33. PERMITTED INDEMNITIES

Pursuant to the Bye-Laws, the Directors, the company secretary and other officers and every independent auditor of the Company (the “Independent Auditor”) shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses, which any of them shall or may incur or sustain by or by reason of any act done, concurred or omitted in or about the execution of their respective duties, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty, which may attach to any of the said persons or entities.

In addition, the directors and key officers of the Group are under appropriate insurance cover on directors’ and key officers’ liabilities in respect of their risks arising from the business of the Group. The scope of coverage of the insurance is subject to review annually.

The indemnity provision was in force during the course of the Year and remains in force as at the date of this report.

34. CHARITABLE DONATION

During the Year, charitable donations made by the Group amounted to HK\$10,000 (nine months ended December 31, 2024: nil).

35. REVIEW OF FINAL RESULTS BY AUDIT COMMITTEE

The Board has established the audit committee of the Company (the “Audit Committee”) with written terms of reference in compliance with the HK CG Code and the SGX-ST Listing Manual and the Audit Committee has performed the functions as detailed in the Corporate Governance Report contained in this annual report. Currently, the Audit Committee comprises all the four INEDs, namely Mr. Lau Chin Huat (committee chairman), Mr. Chong Eng Wee, Mr. Tso Sze Wai and Dr. Jiang Maolin. The Group’s audited consolidated results for the Year and the relevant consolidated financial statements as well as this annual report have been reviewed by the Audit Committee.

36. CORPORATE GOVERNANCE

Details of the key corporate governance practices adopted by the Company are set out in the “Corporate Governance Report” on pages 102 to 131 of this annual report.

37. PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the Year, the Company did not redeem any of its Shares 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 Shares.

REPORT OF THE DIRECTORS

38. INTERESTED PERSON TRANSACTIONS (RULE 907 OF THE SGX-ST LISTING MANUAL)/CONNECTED TRANSACTIONS (CHAPTER 14A OF THE HK LISTING RULES)

The Group has adopted a connected transactions, continuing connected transactions and interested person transactions internal reporting and monitoring policy and has set out the procedures for reporting, review and approval of the Company's connected transactions, continuing connected transactions and interested person transactions. All transactions with interested persons (as defined in the SGX-ST Listing Manual) and connected transactions (as defined in the HK Listing Rules) are reported in a timely manner to the Audit Committee, and the transactions are conducted on an arm's length basis and are not prejudicial to the interests of the Company and the Shareholders as a whole.

On January 1, 2025, the Group entered into the master supply framework agreement and the master purchase framework agreement with Shanghai YCT, the controlling Shareholder, pursuant to which the Group agreed to supply and purchase semi-conductor electronic component products to and from Shanghai YCT and its subsidiaries (the "Shanghai YCT Group"). The master supply framework agreement and the master purchase framework agreement both have effective terms from January 1, 2025 to December 31, 2025 (both days inclusive). The annual caps under the master supply framework agreement and the master purchase framework agreement were HK\$2,999,999, respectively. On August 14, 2025, the annual cap under the master supply framework agreement was revised to HK\$7,500,000. On November 25, 2025, the annual caps under the master supply framework agreement and master purchase framework agreement were revised to HK\$7,900,000 and HK\$4,050,000, respectively. During the Year, the transaction amounts conducted under the master supply framework agreement and master purchase framework agreement were HK\$7,522,724.85 and HK\$3,474,264.68, respectively.

WM CPA Limited, the auditor of the Company's subsidiaries in Hong Kong, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 (Revised) Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. WM CPA Limited have issued their unmodified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules.

REPORT OF THE DIRECTORS

38. INTERESTED PERSON TRANSACTIONS (RULE 907 OF THE SGX-ST LISTING MANUAL)/CONNECTED TRANSACTIONS (CHAPTER 14A OF THE HK LISTING RULES) – *continued*

On February 10, 2025, the Group entered into the 2025 master supply framework agreement and the 2025 master purchase framework agreement with Shanghai YCT, the controlling shareholder of the Company, pursuant to which the Group agreed to supply and purchase semi-conductor electronic component products to and from Shanghai YCT Group. The transactions contemplated thereunder are conditional upon obtaining the necessary approval and consent under the HK Listing Rules and the SGX-ST Listing Manual, which includes approval by the independent Shareholders at a special general meeting of the Company (the “SGM”) to be convened. The 2025 master supply framework agreement and the 2025 master purchase framework agreement both have effective terms from the date of the conclusion of the SGM to December 31, 2027 (both days inclusive). The proposed annual caps under the 2025 master supply framework agreement and the 2025 master purchase framework agreement were both HK\$200,000,000 respectively. The 2025 master supply framework agreement and the 2025 master purchase framework agreement were subsequently terminated on August 14, 2025. During the Year, transaction amounts conducted under the 2025 master supply framework agreement and 2025 master purchase framework agreement were nil.

On September 29, 2025, the Company and its subsidiaries, namely Willas-Array Electronics (Shenzhen) Limited and Willas-Array Electronics (Shanghai) Limited (“Willas-Array Shanghai”, and collectively, the “Borrowers”), have entered into a loan agreement (the “Loan Agreement”) with Shanghai YCT, the controlling Shareholder, pursuant to which Shanghai YCT agreed to extend to the Borrowers a loan of up to RMB100,000,000 (the “Loan”) on a revolving basis. The Loan will be available for drawdown for a period of one year from the date of the Loan Agreement (i.e. until 29 September 2026). The Loan is unsecured and, if drawn down, shall bear interest at a rate of 4.8% per annum on the amount disbursed, with such interest to accrue commencing from the date of disbursement. The provision of the Loan from Shanghai YCT to the Borrowers constitutes a connected transaction of the Company under Chapter 14A of the HK Listing Rules. However, as the Loan is conducted on normal commercial terms or better and it is not secured by the assets of the Group, the Loan is fully exempted from the announcement, circular, independent financial advice and Shareholders’ approval requirements under pursuant to Rule 14A.90 of the HK Listing Rules.

REPORT OF THE DIRECTORS

38. INTERESTED PERSON TRANSACTIONS (RULE 907 OF THE SGX-ST LISTING MANUAL)/CONNECTED TRANSACTIONS (CHAPTER 14A OF THE HK LISTING RULES) – *continued*

The aggregate value of interested person transactions above S\$100,000 entered into during the Year is as follows:

Name of interested person	Nature of relationship	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual)		Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than \$100,000)	
		(HK\$)	(S\$) ⁽¹⁾	(HK\$)	(S\$)
Shenzhen E-Mantech Ltd ("SZ E-Mantech")	A subsidiary of Shanghai YCT, the controlling shareholder of the Company	1,250,000.00 ⁽²⁾	208,785.70 ⁽²⁾	-	-
		1,500,000.00 ⁽³⁾	250,542.84 ⁽³⁾	-	-
Texin	A subsidiary of Shanghai YCT, the controlling shareholder of the Company	910,823.00 ⁽⁴⁾	152,133.46 ⁽⁴⁾	-	-
Shanghai YCT	The controlling shareholder of the Company	5,274,726.00 ⁽⁵⁾	881,029.90 ⁽⁵⁾	-	-
Shanghai YCT Group	The controlling shareholder of the Company and its subsidiaries	4,050,000.00 ⁽⁶⁾	676,465.68 ⁽⁶⁾	-	-
Shanghai YCT Group	The controlling shareholder of the Company and its subsidiaries	7,900,000.00 ⁽⁷⁾	1,319,525.64 ⁽⁷⁾	-	-
Total		20,885,549.00	3,488,483.22	-	-

- (1) The Singapore dollar equivalents are based on the exchange rate prevailing as at November 25, 2025, for the purposes of determining the applicable thresholds under Rule 905 of the Listing Manual of the SGX-ST.
- (2) Provision of warehouse and logistic services by Willas Shanghai, a subsidiary of the Company, pursuant to a Shanghai bonded warehouse storage and logistics services agreement.
- (3) Provision of warehouse and logistic services by Willas Shanghai, a subsidiary of the Company, pursuant to a Shanghai bonded warehouse storage and logistics services agreement.
- (4) Leasing of part of the warehouse space in Hong Kong by Willas Array Electronics Management Limited, a subsidiary of the Company, pursuant to a warehouse lease agreement.
- (5) Interest payable on the maximum amount of the loan pursuant to a loan lease agreement.
- (6) Purchase of semiconductor electronic component products by the Group pursuant to a master purchase framework agreement and a supplemental purchase deed.
- (7) Supply of semiconductor electronic component products by the Group pursuant to a master supply framework agreement, a first supplemental supply deed and a second supplemental supply deed.

REPORT OF THE DIRECTORS

38. INTERESTED PERSON TRANSACTIONS (RULE 907 OF THE SGX-ST LISTING MANUAL)/CONNECTED TRANSACTIONS (CHAPTER 14A OF THE HK LISTING RULES) – *continued*

On January 1, 2026, Willas-Array Electronics (Hong Kong) Limited (“Willas-Array HK”), a wholly-owned subsidiary of the Company, entered into a warehousing and logistics services agreement with Teixn.

Additionally, on January 30, 2026, Willas-Array Shanghai has also entered into four warehousing and logistics services agreements with SZ E-Mantech, Sunac Micro (Shanghai) Electronic Technology Co., Ltd. (“Sunac Micro”), Shanghai Yaxinli Electronics Trading Co. Ltd. (“SH Yaxinli”) and Texin respectively.

SZ E-Mantech, Sunac Micro, SH Yaxinli and Texin are subsidiaries of Shanghai YCT, the controlling shareholder of the Company. Pursuant to the five warehousing and logistics services agreements, Willas-Array HK and Willas-Array Shanghai agreed to provide warehousing and logistics services to SZ E-Mantech, Sunac Micro, SH Yaxinli and Texin respectively, until December 31, 2026. The annual caps under the five warehousing and logistics services agreements are HK\$960,000, HK\$5,400,000, HK\$500,000, HK\$500,000 and HK\$500,000 respectively, amounting to HK\$7,860,000 in aggregate.

For details of the above continuing connected transactions and interested person transactions, please refer to the announcements dated February 10, 2025, August 14, 2025, September 5, 2025, September 29, 2025, November 25, 2025, December 12, 2025, January 30, 2026 and March 11, 2026.

The INEDs have reviewed the above continuing connected transactions and have confirmed that the continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Save as disclosed above, there were no interested person or connected transactions of the Company which were required to comply with the disclosure and other requirements in accordance with the applicable rules and regulations.

39. RELATED COMPANY TRANSACTIONS

Related company transactions of the Group during the Year are disclosed in Note 41 to the consolidated financial statements. These related company transactions include transactions that constitute connected transaction and/or continuing connected transaction (as the case may be) as defined under Chapter 14A of the HK Listing Rules, which is required to comply with the disclosure requirements in accordance with such Chapter.

REPORT OF THE DIRECTORS

40. INDEPENDENT AUDITOR

Ernst & Young LLP (“EY Singapore”) was appointed as the new Independent Auditor following the resignation of Deloitte & Touche LLP since the special general meeting held on April 8, 2025.

The Board, which concurs with the Audit Committee’s recommendation, has proposed the nomination of EY Singapore for re-appointment as the Independent Auditor at the 2026 AGM.

EY Singapore has expressed their willingness to accept the re-appointment.

On behalf of the Board

Mr. Xie Lishu

Chairman and Executive Director

Ms. Huang Shaoli

Non-executive Director

February 27, 2026

STATEMENT OF DIRECTORS

In the opinion of the board of directors of Willas-Array Electronics (Holdings) Limited (the “Company” and the “Board”, respectively), the consolidated financial statements of the Company and its subsidiaries (collectively the “Group”), including the statement of financial position and the statement of changes in equity of the Company, as set out on pages 161 to 269 of this annual report are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at December 31, 2025, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial period then ended and as at the date of this statement, and there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

On behalf of the Board

Mr. Xie Lishu

Chairman and Executive Director

Ms. Huang Shaoli

Non-executive Director

February 27, 2026

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF WILLAS-ARRAY ELECTRONICS (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Willas-Array Electronics (Holdings) Limited (the "Company") and its subsidiaries (the "Group") set out on pages 161 to 269, which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended December 31, 2025, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2025 in accordance with IFRS Accounting Standards as 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 (the "ISAs") as 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 Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (the "ACRA Code"), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were 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 these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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 subjective 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 December 31, 2025, the Group's net trade receivables amounting to HK\$691,791,000, which represented approximately 51% of total assets of the Group and trade receivables amounting to HK\$186,025,000 were past due as disclosed in Note 25 to the consolidated financial statements.

Our audit procedures in relation to impairment assessment of trade receivables included but not limited to:

- Understanding processes and key controls in relation to monitoring of trade receivables, including the process in determining whether a debtor is credit-impaired;
- Reviewing trade receivables aging analysis and past due status to identify potential collectible issues and testing, on a sample basis, the data and inputs used to develop the aging analysis to the underlying supporting documents;
- Assessing the appropriateness of management's basis and judgement used in identification and grouping of trade receivables into different categories of credit ratings and segregation of trade receivables into those that are credit-impaired and those that are not. This includes testing, on a sample basis, the data used by management to determine the debtor's credit rating to the relevant supporting documents;

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS – *continued*

Key audit matter	How our audit addressed the key audit matter
<p>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 loss rate approach 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 December 31, 2025.</p> <p>As disclosed in Note 44 to the consolidated financial statements, the Group's lifetime ECL on trade receivables as at December 31, 2025 amounted to HK\$5,640,000.</p>	<ul style="list-style-type: none"> • Testing the reasonableness of the estimated loss rates by evaluating management's assumptions and inputs used in the computation of historical credit loss rates and reviewed data and information that management has used to make forward-looking adjustments such as economic data and external information; • Assessing management's assumptions used to determine impairment loss for credit impaired trade receivables through consideration of debtor's specific profiles and risk; • Testing on a sample basis, subsequent receipts of settlement after the end of the reporting period; and • Assessing the appropriateness of disclosures regarding the impairment assessment of trade receivables in Notes 25 and 44 to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS – *continued*

Key audit matter	How our audit addressed the key audit matter
<p><i>Determination of net realisable value for inventories</i></p>	
<p>We identified the determination of net realisable value 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 net realisable value for inventories.</p> <p>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.</p> <p>The management of the Group reviewed the inventory aging report at the end of the reporting period to identify inventories that are slow-moving or obsolete and estimated the net realisable value for those items based on latest selling price.</p> <p>As disclosed in Note 24 to the consolidated financial statements, as at December 31, 2025, the carrying amount of the Group's inventories was HK\$335,204,000, net of allowance for inventories of HK\$68,172,000.</p>	<p>Our audit procedures in relation to the determination of net realisable value for inventories included but not limited to:</p> <ul style="list-style-type: none"> • 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 latest sales made, including those sales made after the end of the reporting period, if any; • Engaging the 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 to the latest sales margin report. This includes identification of inventories that are selling at loss and assessing whether the allowance was properly provided for such inventories; and • Assessing the appropriateness of disclosures regarding the determination of net realisable value for inventories in Note 24 to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than 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 do 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 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 THE DIRECTORS 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 Accounting Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by audit committee (the "Audit Committee") in discharging the directors' responsibilities 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. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 the ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

We communicate with the Audit Committee 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 the Audit Committee 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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 this independent auditor's report is Mr. Low Bek Teng.

Ernst & Young LLP

Public Accountants and Chartered accountants

Singapore

February 27 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2025

	Notes	Year ended December 31, 2025 HK\$'000	Nine months ended December 31, 2024 HK\$'000
REVENUE	5	2,358,253	1,828,900
Cost of sales		(2,139,735)	(1,760,564)
Gross profit		218,518	68,336
Other income	7	7,700	2,965
Distribution costs		(18,727)	(14,137)
Administrative expenses		(138,464)	(106,485)
Other gains and losses	8	(2,677)	125
Impairment losses reversed under ECL model, net	9	6,012	7,813
Loss on fair value change of investment property	19	(1,691)	(188)
Finance costs	10	(27,887)	(26,924)
Profit/(loss) before tax		42,784	(68,495)
Income tax credit	11	8,174	6,893
Profit/(loss) for the year/period	12	50,958	(61,602)
Other comprehensive expense			
<i>Items that will not be reclassified to profit or loss:</i>			
– Loss on revaluation of owned properties		(12,024)	(22,392)
– Income tax relating to loss recognised on revaluation of owned properties	11	2,638	4,258
– Gain on changes in fair value of financial assets measured at fair value through other comprehensive income		221	–
– Income tax relating to gain recognised on changes in fair value of financial assets measured at fair value through other comprehensive income	11	(55)	–
		(9,220)	(18,134)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences arising from translation of foreign operations		6,353	(4,750)
Other comprehensive expense for the year/period		(2,867)	(22,884)
Total comprehensive income/(expense) for the year/period		48,091	(84,486)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2025

	Notes	Year ended December 31, 2025 HK\$'000	Nine months ended December 31, 2024 HK\$'000
Profit/(loss) attributable to:			
Owners of the Company		50,958	(61,601)
Non-controlling interests		–	(1)
		50,958	(61,602)
Total comprehensive income/(expense) attributable to:			
Owners of the Company		48,091	(84,489)
Non-controlling interests		–	3
		48,091	(84,486)
Profit/(loss) per share			
– Basic (HK cents)	16	53.78	(70.25)
– Diluted (HK cents)	16	53.76	(70.25)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2025

	Notes	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	17	150,651	205,783
Right-of-use assets	18	1,863	2,941
Investment property	19	43,583	10,043
Club debentures	20	2,001	2,001
Interest in an associate	21	–	–
Financial assets measured at fair value through other comprehensive income (“FVTOCI”)	22	12,398	8,639
Long-term deposits	23	1,293	1,363
Deferred tax assets	37	–	2,281
Total non-current assets		211,789	233,051
CURRENT ASSETS			
Inventories	24	335,204	417,928
Trade receivables	25	691,791	708,448
Other receivables, deposits and prepayments	27	7,476	8,367
Amounts due from related companies	28	1,192	948
Income tax recoverable		154	4,321
Cash and cash equivalents	30	111,993	41,412
Total current assets		1,147,810	1,181,424
Total assets		1,359,599	1,414,475
CURRENT LIABILITIES			
Trade payables	31	222,383	322,998
Other payables	32	35,176	31,861
Amounts due to related companies	28	4,360	–
Contract liabilities	33	2,694	3,256
Income tax payable		73	550
Trust receipt loans	35	74,953	140,044
Bank borrowings	36	460,525	316,905
Lease liabilities	34	1,213	2,054
Loans from the ultimate holding company	29	49,601	163,180
Total current liabilities		850,978	980,848
NET CURRENT ASSETS		296,832	200,576
TOTAL ASSETS LESS CURRENT LIABILITIES		508,621	433,627

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2025

	Notes	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
CAPITAL, RESERVES AND NON-CONTROLLING INTERESTS			
Share capital	38	102,989	87,692
Reserves		404,435	330,580
		<hr/>	
Equity attributable to owners of the Company		507,424	418,272
Non-controlling interests		—	—
		<hr/>	
Total equity		507,424	418,272
NON-CURRENT LIABILITIES			
Deferred tax liabilities	37	570	14,517
Lease liabilities	34	627	838
		<hr/>	
Total non-current liabilities		1,197	15,355
		<hr/>	
Total liabilities and equity		1,359,599	1,414,475
		<hr/>	

The consolidated financial statements on pages 161 to 269 were approved and authorised for issue by the board of directors on February 27, 2026 and are signed on its behalf by:

Mr. Xie Lishu
Director

Ms. Huang Shaoli
Director

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2025

	Attributable to owners of the Company										
	Share capital HK\$'000	Capital reserves HK\$'000 (Note 39)	Statutory reserve HK\$'000 (Note i)	Property revaluation reserve HK\$'000	Currency translation reserve HK\$'000	Financial assets measured at FVTOCI reserve HK\$'000	Other reserve HK\$'000 (Note ii)	Retained profits HK\$'000	Subtotal HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At April 1, 2024	87,622	199,028	26,175	113,581	(18,814)	(16,448)	(3,561)	114,903	502,486	89	502,575
Total comprehensive loss for the period:											
Loss for the period	-	-	-	-	-	-	-	(61,601)	(61,601)	(1)	(61,602)
Other comprehensive loss for the period	-	-	-	(18,134)	(4,754)	-	-	-	(22,888)	4	(22,884)
Total	-	-	-	(18,134)	(4,754)	-	-	(61,601)	(84,489)	3	(84,486)
Transactions with owners, recognised directly in equity:											
Dissolution of a subsidiary	-	-	-	-	6	-	86	-	92	(92)	-
Exercise of share options	70	113	-	-	-	-	-	-	183	-	183
Share options forfeited	-	(503)	-	-	-	-	-	503	-	-	-
Transfer from property revaluation reserve	-	-	-	(4,429)	-	-	-	4,429	-	-	-
Transfer of statutory reserve	-	-	(4,130)	-	-	-	-	4,130	-	-	-
Total	70	(390)	(4,130)	(4,429)	6	-	86	9,062	275	(92)	183
At December 31, 2024	87,692	198,638	22,045	91,018	(23,562)	(16,448)	(3,475)	62,364	418,272	-	418,272

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2025

	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	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At January 1, 2025	87,692	198,638	22,045	91,018	(23,562)	(16,448)	(3,475)	62,364	418,272
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	-	-	50,958	50,958
Other comprehensive loss for the year:	-	-	-	(9,386)	6,353	166	-	-	(2,867)
Total	-	-	-	(9,386)	6,353	166	-	50,958	48,091
Transactions with owners, recognised directly in equity:									
Issuance of ordinary shares (Note 38)	15,000	24,900	-	-	-	-	-	-	39,900
Exercise of share options	297	864	-	-	-	-	-	-	1,161
Share options forfeited	-	(37)	-	-	-	-	-	37	-
Transfer from property revaluation reserve	-	-	-	(4,627)	-	-	-	4,627	-
Transfer of statutory reserve	-	-	452	-	-	-	-	(452)	-
Total	15,297	25,727	452	(4,627)	-	-	-	4,212	41,061
At December 31, 2025	102,989	224,365	22,497	77,005	(17,209)	(16,282)	(3,475)	117,534	507,424

Notes:

- (i) 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.
- (ii) Other reserve comprises a debit amount of HK\$3,475,000 (December 31, 2024, 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 and the dissolution of a subsidiary, namely WinStar Smart Technology (Suzhou) Company Limited which principal activities was provision of IoT application services and suffered significant losses in recent years, during the nine months ended December 31, 2024. Provision of IoT application services was not principal business of the Group.

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	Year ended December 31, 2025 HK\$'000	Nine months ended December 31, 2024 HK\$'000
Operating activities			
Profit/(loss) before tax		42,784	(68,495)
Adjustments for:			
Depreciation of property, plant and equipment	12	11,347	10,098
Depreciation of right-of-use assets	12	2,387	1,847
Interest expense on bank borrowings and trust receipt loans	10	20,306	24,349
Interest expense on loans from the ultimate holding company	10	7,388	2,449
Interest expense on lease liabilities	10	193	126
(Reversal of)/Allowance for inventories	24	(46,280)	26,111
Impairment losses reversed under ECL model, net	9	(6,012)	(7,813)
Gain on disposal of property, plant and equipment	8	–	(66)
Loss on fair value change of investment property	19	1,691	188
Unrealised exchange gain		(437)	(1,089)
Interest income	7	(322)	(414)
Operating cash flows before movements in working capital		33,045	(12,709)
Decrease in inventories		130,010	262,629
(Increase)/Decrease in trade receivables		(49,090)	25,797
Decrease/(Increase) in other receivables, deposits and prepayments		965	(601)
Decrease in long-term deposits		4	1,228
Increase in amounts due from related companies		(248)	(781)
Increase in amount due to related companies		4,360	–
Increase/(Decrease) in trade payables		132,551	(405,600)
Increase/(Decrease) in other payables		13,449	(10,532)
Decrease in contract liabilities		(582)	(273)
Cash generated from/(used in) operations		264,464	(140,842)
Income tax refund		2,570	3,874
Interest paid		(28,191)	(26,537)
Interest received		322	414
Net cash generated from/(used in) operating activities		239,165	(163,091)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	Year ended December 31, 2025 HK\$'000	Nine months ended December 31, 2024 HK\$'000
Investing activities			
Purchase of property, plant and equipment		(374)	(405)
Investments in unlisted equity securities		(9,912)	(2,160)
Proceeds from disposal of property, plant and equipment		-	444
		<hr/>	<hr/>
Net cash used in investing activities		(10,286)	(2,121)
Financing activities			
Proceeds from issuance of ordinary shares		39,900	-
Proceeds from exercise of share options		1,161	183
Repayments of trust receipt loans and bank borrowings		(1,351,775)	(1,642,547)
Proceeds from trust receipt loans and bank borrowings		1,271,149	1,618,391
Repayments of loans from the ultimate holding company		(167,097)	(34,935)
Proceeds from Loans from the ultimate holding company		52,320	200,370
Repayments of lease liabilities		(2,456)	(2,065)
		<hr/>	<hr/>
Net cash (used in)/generated from financing activities		(156,798)	139,397
Net increase/(decrease) in cash and cash equivalents		72,081	(25,815)
Cash and cash equivalents at beginning of the year/period	30	41,412	68,851
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies		(1,500)	(1,624)
		<hr/>	<hr/>
Cash and cash equivalents at end of the year/period	30	111,993	41,412
Analysis of balances of cash and cash equivalents			
Cash and bank balances		88,647	41,412
Term deposits with original maturity within 3 months	30	23,346	-
		<hr/>	<hr/>
Cash and cash equivalents as stated in the consolidated statement of cash flows	30	111,993	41,412

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

1. CORPORATE AND GROUP INFORMATION

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 (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 (“HK\$”) which is also the functional currency of the Company. All values are rounded to the nearest thousand except otherwise indicated.

The immediate holding company of the Company is Texin (HongKong) Electronics Co. Limited, which is in turn wholly owned by Shanghai YCT Electronics Group Co., Ltd. (“Shanghai YCT”), a company incorporated in the People’s Republic of China (the “PRC”) with its shares listed on the Shenzhen Stock Exchange.

The principal activity of the Company is investment holding and the principal activities of the subsidiaries are disclosed in Note 47.

The consolidated financial statements of the Group for the year ended December 31, 2025 were authorised for issue by the board of directors on February 27, 2026.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS ACCOUNTING STANDARDS”)

Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and amended standards and interpretations which are relevant to the Group and are effective for annual financial period beginning on 1 January 2025. The adoption of these standards and interpretations did not have any material effect on the financial statements of the Group.

**Effective for annual periods
beginning on or after**

Amendments to IAS 21 *Lack of Exchangeability*

1 January 2025

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS ACCOUNTING STANDARDS”)

– continued

Adoption of new and amended standards and interpretations – continued

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries and associates for translation into the Group’s presentation currency were exchangeable, the amendments did not have any impact on the Group’s financial statements.

Standards issued but not yet effective

A number of new standards and amendments to standard that have been issued are not yet effective and have not been applied in preparing these financial statements.

	Effective for annual periods beginning on or after
Amendments to IFRS 9 and IFRS 7 <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to IFRS 9 and IFRS 7 <i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	1 January 2026
IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to IAS 21 <i>Translation to a Hyperinflationary Presentation Currency</i>	1 January 2027
Amendments to IFRS 10 and IAS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

The directors expect that the adoption of these new and amended standards will have no material impact on the financial statements in the year of initial application, apart from IFRS 18 *Presentation and Disclosure in Financial Statements* issued on 9 April 2024, effective for reporting period beginning on or after 1 January 2027.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS ACCOUNTING STANDARDS”)

– continued

Standards issued but not yet effective – continued

IFRS 18 is a new standard that replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces new categories of subtotals in the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, wherein the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for the location, aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements (“PFS”) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from ‘profit or loss’ to ‘operating profit or loss’ and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The amendments will have impact on the disclosure in the financial statements but not on the measurement or recognition of items in the Group’s financial statements. The Group is in the process of analysing the new disclosure requirements and to assess if changes are required to their internal information systems.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (“IASB”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the SEHK and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties, financial instruments and equity investments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the material accounting policies below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

3.2 Material accounting policies

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 *Leases* (“IFRS 16”), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets* (“IAS 36”).

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment property which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

3.2 Material accounting policies – *continued*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

3.2 Material accounting policies – *continued*

Revenue from contracts with customers – *continued*

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application at IFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

3.2 Material accounting policies – *continued*

Leases – *continued*

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of properties including car parks, staff quarters and offices that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

3.2 Material accounting policies – *continued*

Leases – *continued*

The Group as a lessee – continued

Right-of-use assets – *continued*

Except for those that are classified as investment property and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

3.2 Material accounting policies – *continued*

Leases – *continued*

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Refundable rental deposits

Refundable rental deposits received are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of currency translation reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

3.2 Material accounting policies – *continued*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans, state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme (the “MPF”) in Hong Kong are recognised as an expense when employees have rendered the services entitling them to the contributions.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another IFRS requires or permits their inclusion in the cost of an asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

3.2 Material accounting policies – *continued*

Employee benefits – *continued*

Short-term and other long-term employee benefits – continued

Share-based payment

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated profits.

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to accumulated profits.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

3.2 Material accounting policies – *continued*

Taxation – *continued*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment property that are measured using the fair value model, the carrying amount of such property is presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

3.2 Material accounting policies – *continued*

Taxation – *continued*

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost or fair value less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

3.2 Material accounting policies – *continued*

Property, plant and equipment

Any revaluation increase arising from revaluation of property, plant and equipment is recognised in other comprehensive income and accumulated in property revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognise in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of property, plant and equipment is recognised in profit or loss to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous property revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to accumulated profits.

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to accumulated profits.

Depreciation is recognised so as to write off the cost or valuation of property, plant and equipment, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales disposal proceeds and the carrying amount of the asset and is recognised in the profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

3.2 Material accounting policies – *continued*

Investment property

Investment property is property held to earn rentals and/or for capital appreciation.

Investment property is initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Impairment of property, plant and equipment, right-of-use assets, and other intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

3.2 Material accounting policies – *continued*

Impairment of property, plant and equipment, right-of-use assets, and other intangible assets – continued

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

3.2 Material accounting policies – *continued*

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from contracts with customers* (“IFRS 15”). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss (“FVTPL”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

3.2 Material accounting policies – *continued*

Financial instruments – *continued*

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of IFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

3.2 Material accounting policies – *continued*

Financial instruments – *continued*

Financial assets – continued

Classification and subsequent measurement of financial assets – *continued*

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the financial assets measured at FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the other income line item in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

3.2 Material accounting policies – *continued*

Financial instruments – *continued*

Financial assets – continued

Classification and subsequent measurement of financial assets – *continued*

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade receivables, other receivables, refundable deposits, amount due from an associate, amounts due from related companies and bank balances) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12 month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors which are credit-impaired and collectively with appropriate groupings for debtors which are not credit-impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

3.2 Material accounting policies – *continued*

Financial instruments – *continued*

Financial assets – continued

Impairment of financial assets subject to impairment assessment under IFRS 9 – *continued*

For all other instruments, the Group measures the loss allowance equal to 12 months ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

3.2 Material accounting policies – *continued*

Financial instruments – *continued*

Financial assets – continued

Impairment of financial assets subject to impairment assessment under IFRS 9 – *continued*

(i) Significant increase in credit risk – *continued*

- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

3.2 Material accounting policies – *continued*

Financial instruments – *continued*

Financial assets – continued

Impairment of financial assets subject to impairment assessment under IFRS 9 – *continued*

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

3.2 Material accounting policies – *continued*

Financial instruments – *continued*

Financial assets – continued

Impairment of financial assets subject to impairment assessment under IFRS 9 – *continued*

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using simplified approach taking into consideration historical credit loss experience and forward-looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Nature of financial instruments (i.e. the Group's trade receivables which are not credit-impaired, are assessed in different group, while credit-impaired trade receivables, other receivables, refundable deposits, amount due from an associate, amounts due from related companies and bank balances are assessed individually);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

3.2 Material accounting policies – *continued*

Financial instruments – *continued*

Financial assets – continued

Impairment of financial assets subject to impairment assessment under IFRS 9 – *continued*

(v) Measurement and recognition of ECL – *continued*

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to accumulated profits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

3.2 Material accounting policies – *continued*

Financial instruments – *continued*

Financial liabilities and equity

Classification as financial liabilities or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) either held for trading or (ii) it is designated as at FVTPL on initial recognition.

A financial liability is held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Fair value is determined in a manner described in Note 44.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

3.2 Material accounting policies – *continued*

Financial instruments – continued

Financial liabilities and equity – continued

Financial liabilities at amortised cost

Financial liabilities including trade payables, others payables, trust receipt loans and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's material accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

4. KEY SOURCES OF ESTIMATION UNCERTAINTY – *continued*

Impairment assessment of trade receivables

Credit-impaired trade receivables are assessed for ECL individually.

In addition, the Group uses the collective basis in estimating ECL on trade receivables which are not assessed individually. The provision rates are based on internal credit ratings as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Notes 44 and 25, respectively.

Determination of net realisable value for inventories

The Group operates in the electronics industry which is subject to rapid technological changes and price changes. The Group's policy for allowance for inventories is based on management's judgement on the realisability of the inventories which takes into account the aging, latest selling prices, cost necessary to make the sales and historical loss incurred of relevant inventories. At the end of each reporting period, management is of the opinion that the allowance for inventories is adequate. The carrying amount of the Group's inventories at December 31, 2025 was HK\$335,204,000 (December 31, 2024: HK\$417,928,000), net of allowance for inventories of HK\$68,172,000 (December 31, 2024: HK\$114,353,000).

Valuation of owned properties and investment property

Owned properties and investment property are stated at fair value based on the valuation performed by independent professional valuers. The determination of the fair value involves certain assumptions of market conditions which are set out in Notes 17 and 19, respectively.

In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's owned properties and investment property, and the corresponding adjustment to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income. The directors of the Company have performed internal assessment on the risks of change in macroeconomic environment through performing sensitivity analysis in relation to the Group's owned properties and investment property.

As at December 31, 2025, the carrying amounts of the Group's owned properties and investment property are HK\$145,754,000 (December 31, 2024: HK\$199,006,000) and HK\$43,583,000 (December 31, 2024: HK\$10,043,000), respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

5. REVENUE

Disaggregation of revenue from contracts with customers

	Year ended December 31, 2025 HK\$'000	Nine months ended December 31, 2024 HK\$'000
Types of goods or services		
Sales of electronic components	2,358,253	1,828,900
Market segments of the customers		
Automotive	711,727	490,870
Industrial	593,191	493,298
Home appliance	358,886	318,176
Electronic manufacturing services	220,724	151,664
Telecommunications	145,142	79,187
Dealer	144,567	136,178
Audio and video	122,093	112,758
Others	32,085	16,595
Lighting	29,838	30,174
Total	2,358,253	1,828,900

In addition, the Group's disaggregation of revenue by geographical markets is disclosed in Note 6.

Revenue is recognised at a point in time when control of the goods has been transferred, being when the goods have been delivered to port of discharge or the customer's specific location as stipulated in the sales agreement. The Group satisfied its performance obligations upon shipment or upon delivery in accordance with the contract signed with customers, who bears the risks of obsolescence and loss in relation to the goods.

Advance payments may be received based on terms of sales contract and any transaction price received by the Group is recognised as a contract liability until the control of the goods has been transferred to the customer. The normal credit term is 30 to 120 days (December 31, 2024: 30 to 120 days) upon delivery.

Customers can only return or request refund if the goods delivered do not meet required quality standards. As at December 31, 2025 and December 31, 2024, all outstanding sales contracts are expected to be fulfilled within 12 months after the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

6. OPERATING 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 as disclosed in Note 5.

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. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

6. OPERATING SEGMENT INFORMATION – continued

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

Year ended December 31, 2025

	Trading of electronic components					
	Southern China Region HK\$'000	Northern China Region HK\$'000	Taiwan HK\$'000	Sub-total HK\$'000	Elimination HK\$'000	Total HK\$'000
Revenue						
Sales – external	941,092	1,182,723	234,438	2,358,253	–	2,358,253
Sales – inter-company	575,786	730,423	–	1,306,209	(1,306,209)	–
	<u>1,516,878</u>	<u>1,913,146</u>	<u>234,438</u>	<u>3,664,462</u>	<u>(1,306,209)</u>	<u>2,358,253</u>
Cost of sales	(1,424,063)	(1,811,467)	(210,414)	(3,445,944)	1,306,209	(2,139,735)
	<u>92,815</u>	<u>101,679</u>	<u>24,024</u>	<u>218,518</u>	<u>–</u>	<u>218,518</u>
Gross profit/segment results						
Other income						7,700
Distribution costs						(18,727)
Administrative expenses						(138,464)
Other gains and losses						(2,677)
Impairment losses reversed under ECL model, net						6,012
Loss on fair value change of investment property						(1,691)
Finance costs						(27,887)
						<u>42,784</u>
Profit before tax						42,784
Income tax credit						8,174
						<u>50,958</u>
Profit for the year						50,958
Profit attributable to owners of the Company						<u>50,958</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

6. OPERATING SEGMENT INFORMATION – continued

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

Nine months ended December 31, 2024

	Trading of electronic components					
	Southern China Region HK\$'000	Northern China Region HK\$'000	Taiwan HK\$'000	Sub-total HK\$'000	Elimination HK\$'000	Total HK\$'000
Revenue						
Sales – external	791,291	841,665	195,944	1,828,900	–	1,828,900
Sales – inter-company	444,808	439,898	879	885,585	(885,585)	–
	1,236,099	1,281,563	196,823	2,714,485	(885,585)	1,828,900
Cost of sales	(1,209,020)	(1,248,556)	(188,573)	(2,646,149)	885,585	(1,760,564)
Gross profit/segment results	27,079	33,007	8,250	68,336	–	68,336
Other income						2,965
Distribution costs						(14,137)
Administrative expenses						(106,485)
Other gains and losses						125
Impairment losses reversed under ECL model, net						7,813
Loss on fair value change of investment property						(188)
Finance costs						(26,924)
Loss before tax						(68,495)
Income tax credit						6,893
Loss for the period						(61,602)
Loss attributable to non-controlling interests						(1)
Loss attributable to owners of the Company						(61,601)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

6. OPERATING SEGMENT INFORMATION – *continued*

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3.

Inter-segment and inter-company sales are charged at costs, which was included in the gross segment revenue presented to CODM for regular review.

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.

Information about major customers

No single external customer amounts to more than 10% of the Group's revenue for each of the reporting period.

Geographical information

The Group's operations are substantially based in the PRC (including Hong Kong) and substantially all non-current assets of the Group are located in the PRC (including Hong Kong) and more than 95% of all the Group's revenue is generated from sales to external customers located in the PRC (including Hong Kong) for each of the reporting period. Therefore, no further analysis of geographical information is presented.

7. OTHER INCOME

	Year ended December 31, 2025 HK\$'000	Nine months ended December 31, 2024 HK\$'000
Interest income from bank deposits	322	414
Government grant (<i>Note</i>)	692	1,314
Rental and related services income	4,698	769
Others	1,988	468
	7,700	2,965

Note: The government grant related to income that is receivable as compensation for expenses or for the purpose of giving immediate financial support to the Group and recognised in profit or loss in the year/period in which they become receivable. For the year ended December 31, 2025, the Group recognised government grants of HK\$692,000 (Nine months ended December 31, 2024: HK\$1,314,000) represents incentive subsidies from the PRC government to encourage development in the region for the year ended December 31, 2025 and the nine months ended December 31, 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

8. OTHER GAINS AND LOSSES

	Year ended December 31, 2025 HK\$'000	Nine months ended December 31, 2024 HK\$'000
Net foreign exchange (loss)/gain (<i>Note</i>)	(2,677)	59
Gain on disposal of property, plant and equipment	-	66
	(2,677)	125

Note: During the year ended December 31, 2025, there was net foreign exchange loss amounting to HK\$2,677,000 due to the movements in the US dollar exchange rate. While during the nine months ended December 31, 2024, there was net foreign exchange gain amounting to HK\$59,000 due to the appreciation of Renminbi.

9. IMPAIRMENT LOSSES REVERSED UNDER ECL MODEL, NET

	Year ended December 31, 2025 HK\$'000	Nine months ended December 31, 2024 HK\$'000
Impairment losses reversed on:		
Trade receivables	6,012	7,813

Details of impairment assessment for the year ended December 31, 2025 and the nine months ended December 31, 2024 are set out in Note 44.

10. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended December 31, 2025 HK\$'000	Nine months ended December 31, 2024 HK\$'000
Interest on :		
Bank borrowings and trust receipt loans	20,306	24,349
Interest on loans from the ultimate holding company	7,388	2,449
Lease liabilities	193	126
	27,887	26,924

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

11. INCOME TAX CREDIT

	Year ended December 31, 2025 HK\$'000	Nine months ended December 31, 2024 HK\$'000
The income tax credit comprises:		
Current tax:		
Hong Kong	513	410
PRC Enterprise Income Tax ("EIT")	–	92
Taiwan	207	392
Taiwan withholding tax on dividends	365	861
	1,085	1,755
Under/(Over) provision in respect of prior year/period:		
Hong Kong	61	–
PRC EIT	–	(1,444)
Taiwan	(23)	(44)
	38	(1,488)
Deferred tax:		
Credit to the year/period (Note 37)	(9,297)	(7,160)
	(8,174)	(6,893)

The Company and subsidiaries of the Company incorporated in Hong Kong were subject to Hong Kong Profits Tax at the rate of 16.5% for the year ended December 31, 2025 and the nine months ended December 31, 2024.

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% and the tax rate of the Taiwan subsidiary is 20% for the year ended December 31, 2025 and the nine months ended December 31, 2024.

Income taxes for overseas subsidiaries are calculated at the rates prevailing in the relevant jurisdictions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

11. INCOME TAX CREDIT – *continued*

The income tax credit for the year/period can be reconciled to the profit/(loss) before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended December 31, 2025 HK\$'000	Nine months ended December 31, 2024 HK\$'000
Profit/(loss) before tax	42,784	(68,495)
Tax at Hong Kong Profits Tax rate of 16.5% (Nine months ended December 31, 2024: 16.5%) (<i>Note</i>)	7,059	(11,302)
Tax effect of deductible temporary difference not recognized	1,182	758
Tax effect of income not taxable for tax purpose	(59)	(268)
Adjustments in respect of current tax of previous years	38	(1,488)
Utilisation of tax losses from previous years	(6,133)	(3,130)
Tax effect of land appreciation tax and other associated tax arising on fair value change of investment property	–	(5,465)
Tax effect of tax losses not recognised	5,632	7,094
Tax effect of changes in deferred benefits not recognised	(8,527)	8,231
Effect of different tax rates of subsidiaries operating in other jurisdictions	(2,849)	(1,233)
Tax effect of deferred tax liabilities arising on undistributed earnings	(4,882)	(906)
Taiwan withholding tax on dividends	365	861
Others	–	(45)
Income tax credit for the year/period	(8,174)	(6,893)

Note: The Hong Kong Profits Tax rate is used as it is the domestic tax in the jurisdiction where the operation of the Group is substantially based.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

11. INCOME TAX CREDIT – continued

Income tax recognised in other comprehensive income

	Year ended December 31, 2025 HK\$'000	Nine months ended December 31, 2024 HK\$'000
Deferred tax (<i>Note 37</i>):		
Arising on loss/(gain) recognised in other comprehensive income:		
– Loss on revaluation of owned properties	2,638	4,258
– Gain on changes in fair value of financial assets measured at fair value through other comprehensive income	(55)	–
	2,583	4,258

12. PROFIT/(LOSS) FOR THE YEAR/PERIOD

Profit/(loss) for the year/period has been arrived at or after charging:

	Year ended December 31, 2025 HK\$'000	Nine months ended December 31, 2024 HK\$'000
Cost of inventories recognised as expenses (<i>Note i</i>)	2,139,735	1,760,564
Depreciation of property, plant and equipment	11,347	10,098
Depreciation of right-of-use assets	2,387	1,847
Directors' emoluments (<i>Note 13</i>)	3,394	2,660
Audit fees		
– Paid to auditor of the Company	600	602
– Paid to other auditors	1,768	1,142
Non-audit fees		
– Paid to auditor of the Company	–	–
– Paid to other auditors (<i>Note ii</i>)	58	343
Staff costs (excluding directors' emoluments) (<i>Note iii</i>)	101,067	69,077

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

12. PROFIT/(LOSS) FOR THE YEAR/PERIOD – continued

Notes:

- (i) During the year ended December 31, 2025, the amount included a net reversal of allowance for inventories amounting to HK\$46,280,000 (nine months ended December 31, 2024: allowance for inventories amounting to HK\$26,111,000).
- (ii) the non-audit services were not provided by Ernst & Young or any of its member firms.
- (iii) During the year ended December 31, 2025, cost of defined contribution plans amounting to HK\$14,475,000 (Nine months ended December 31, 2024: HK\$11,103,000) was included in staff costs and directors' emoluments.

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to the directors of the Company for each of the reporting period were as follows:

Year ended December 31, 2025

	Fees HK\$'000	Salaries and other benefits HK\$'000	Contributions to retirement benefit scheme HK\$'000	Performance related incentive payments ⁽²⁾ HK\$'000	Total emoluments HK\$'000
Chairman and Executive Director:					
Xie Lishu ⁽¹⁾	900	-	-	-	900
Executive Director:					
Fan Qinsheng ⁽²⁾	-	387	39	19	445
Non-executive Director:					
Huang Shaoli	780	-	-	-	780
Independent Non-executive Directors:					
Chong Eng Wee	348	-	-	-	348
Lau Chin Huat	302	-	-	-	302
Tso Sze Wai	316	-	-	-	316
Jiang Maolin	303	-	-	-	303
Total	2,949	387	39	19	3,394

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS – continued

The emoluments paid or payable to the directors of the Company for each of the reporting period were as follows:

Nine months ended December 31, 2024

	Fees HK\$'000	Salaries and other benefits HK\$'000	Contributions to retirement benefit scheme HK\$'000	Performance related incentive payments ⁽³⁾ HK\$'000	Total emoluments HK\$'000
Chairman and Executive Director:					
Xie Lishu ⁽¹⁾	675	–	–	–	675
Executive Director:					
Fan Qinsheng ⁽²⁾	–	361	36	119	516
Non-executive Director:					
Huang Shaoli	585	–	–	–	585
Independent Non-executive Directors:					
Chong Eng Wee	221	–	–	–	221
Lau Chin Huat	221	–	–	–	221
Tso Sze Wai	221	–	–	–	221
Jiang Maolin	221	–	–	–	221
Total	2,144	361	36	119	2,660

Notes:

- (1) Mr. Xie Lishu appointed as Chairman and Executive Director with effect from October 21, 2024.
- (2) Mr. Fan Qinsheng resigned with Effect from October 22, 2025.
- (3) The performance related incentive payment is determined based on the market practice, performance of the Group and performance of the individual.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS – *continued*

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Group. The non-executive directors' (including the independent non-executive directors') fees shown above were for their services as directors of the Company.

No emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year/period.

No directors of the Company waived any emoluments during the year ended December 31, 2025 and the nine months ended December 31, 2024.

14. FIVE HIGHEST PAID EMPLOYEES

For the year ended December 31, 2025, the five highest paid individuals of the Group included one director (Nine months ended December 31, 2024: one director), details of which are included in Note 13.

The emolument of the remaining four individuals (Nine months ended December 31, 2024: four individuals) were as follows:

	Year ended December 31, 2025 HK\$'000	Nine months ended December 31, 2024 HK\$'000
Salaries and other benefits	4,964	2,411
Contributions to retirement benefits scheme	336	171
Performance related incentive payments	705	465
	6,005	3,047

The total emoluments of the remaining four individuals (Nine months ended December 31, 2024: four individuals) were within the following bands:

	Year ended December 31, 2025	Number of individuals Nine months ended December 31, 2024
HK\$500,001 to HK\$1,000,000	–	4
HK\$1,000,001 to HK\$1,500,000	3	–
HK\$2,500,001 to HK\$3,000,000	1	–
	4	4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

15. DIVIDEND

No dividend was declared and paid during the year ended December 31, 2025 and the nine months ended December 31, 2024.

The board of directors does not recommend the payment of a final dividend for the year ended December 31, 2025.

16. EARNINGS/(LOSS) PER SHARE

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

	Year ended December 31, 2025 HK\$'000	Nine months ended December 31, 2024 HK\$'000
Earnings/(loss) for the purposes of basic and diluted earnings/(loss) per share attributable to owners of the Company	<u>50,958</u>	<u>(61,601)</u>
Number of shares		
	Year ended December 31, 2025 '000	Nine months ended December 31, 2024 '000
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	<u>94,753</u>	87,686
Effect of dilutive potential ordinary shares: Share options	<u>28</u>	45
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	<u>94,781</u>	87,731

The computation of diluted earnings/(loss) per share for the year ended December 31, 2025 and the nine months ended December 31, 2024 did not assume the exercise of certain of share options granted by the Company when the exercise price of those share options was higher than the average market price of the shares for the year/period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

17. PROPERTY, PLANT AND EQUIPMENT

	Owned properties HK\$'000	Motor vehicles HK\$'000	Plant and equipment HK\$'000	Computer equipment, furniture and fixtures HK\$'000	Total HK\$'000
COST OR VALUATION					
At April 1, 2024	232,019	4,865	2,121	65,525	304,530
Exchange difference	(2,516)	(18)	(4)	(438)	(2,976)
Additions	-	224	14	167	405
Disposals	-	(3,255)	(4)	(7,584)	(10,843)
Loss on revaluation	(30,497)	-	-	-	(30,497)
At December 31, 2024	199,006	1,816	2,127	57,670	260,619
Exchange difference	3,110	26	8	571	3,715
Additions	-	-	3	371	374
Disposals	-	-	(57)	-	(57)
Loss on revaluation	(21,394)	-	-	-	(21,394)
Reclass to investment property	(34,968)	-	-	-	(34,968)
At December 31, 2025	145,754	1,842	2,081	58,612	208,289
At December 31, 2025					
Comprising:					
Cost	-	1,842	2,081	58,612	62,535
Valuation	145,754	-	-	-	145,754
	145,754	1,842	2,081	58,612	208,289
ACCUMULATED DEPRECIATION					
At April 1, 2024	-	4,119	1,903	57,719	63,741
Exchange difference	(47)	(15)	(3)	(368)	(433)
Depreciation for the period	8,152	122	41	1,783	10,098
Disposals	-	(2,891)	(4)	(7,570)	(10,465)
Eliminated on revaluation	(8,105)	-	-	-	(8,105)
At December 31, 2024	-	1,335	1,937	51,564	54,836
Exchange difference	77	21	7	515	620
Depreciation for the year	9,031	203	45	2,068	11,347
Disposals	-	-	(57)	-	(57)
Eliminated on revaluation	(9,108)	-	-	-	(9,108)
At December 31, 2025	-	1,559	1,932	54,147	57,638
CARRYING AMOUNT					
At December 31, 2025	145,754	283	149	4,465	150,651
At December 31, 2024	199,006	481	190	6,106	205,783

Note:

- (1) In 2025, the Group changed the use of certain buildings described in Note 19 from owner-occupied to held for rental income generation by entering into tenancy agreements with related parties and third parties. Consequently, the properties were reclassified from property, plant and equipment to investment properties, measured at their fair value at the date of change in use. The Group subsequently applies the fair value model for measuring these investment properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

17. PROPERTY, PLANT AND EQUIPMENT – *continued*

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Owned properties	Over the shorter of lease term or 50 years
Motor vehicles	20%
Plant and equipment	20%
Computer equipment, furniture and fixtures	20% to 33.33%

As at December 31, 2025 and December 31, 2024, the Group had obtained the land use right certificates for all owned properties.

As at December 31, 2025, property, plant and equipment with an aggregate cost of HK\$51,653,000 (December 31, 2024: HK\$48,328,000) were fully depreciated but in use.

Details of the owned properties held by the Group as at December 31, 2025 are set out below:

Description and location	Gross area (sq.ft.)	Tenure	Use
24/F and parking space Nos. P16 and P23 on 2/F of Wyler Centre Phase 2 200 Tai Lin Pai Road, Kwai Chung New Territories, Hong Kong ⁽¹⁾	25,618	99 years commencing from July 1, 1898 ⁽²⁾	Storage, office and car park
Parking space No. 42 on 2/F of Wyler Centre Phase 2, 200 Tai Lin Pai Road Kwai Chung, New Territories, Hong Kong ⁽¹⁾	N/A	99 years commencing from July 1, 1898 ⁽²⁾	Car park
14/F Jinyun Century Buildings, 6033 Shennan Main Road, Futian District, Shenzhen, the PRC ⁽¹⁾	8,224	50 years commencing from February 28, 1997	Office
33/F International Corporate City, 3000 North Zhongshan Road, Putuo District, Shanghai, the PRC ⁽¹⁾	19,108	50 years commencing from July 30, 2004	Office
Room 3311-3312 and parking space No. 147 on B2/F, China Resources Building (Tower A), No. 6-D Shandong Road, Shinan District, Qingdao the PRC ⁽¹⁾	3,819	30 years expiring on June 21, 2051	Office and car park

Notes:

- (1) The allocation of leasehold land and building elements cannot be made reliably, hence the leasehold interests in land is accounted for as property, plant and equipment.
- (2) Pursuant to the Sino-British Joint Declaration, the term of the Crown lease was extended to June 30, 2047.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

17. PROPERTY, PLANT AND EQUIPMENT – *continued*

Fair value measurement of the Group's owned properties

The Group's owned properties are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation. The fair value measurements of the Group's leasehold land and buildings as at December 31, 2025 were performed by Assets Appraisal Limited ("AAL") (December 31, 2024: Assets Appraisal Limited), independent valuers not connected with the Group.

The fair value of the owned properties as at December 31, 2025 and December 31, 2024 were determined based on the direct comparison method that reflects recent transaction prices for similar properties, adjusted for differences in the location, view, floor area, lot size and age and condition of the properties under review.

In estimating the fair value of the properties, the highest and best use of the properties is their current use. The following tables give information about how the fair values of these properties are determined (in particular, the valuation techniques and inputs used).

Category of property, plant and equipment	Fair value at Level 3 hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Owned properties in Hong Kong – buildings and car park	HK\$64,101,000 (December 31, 2024: HK\$75,000,000)	Direct comparison method – The key input is the market price.	Direct comparison method – based on price per square foot ("sq. ft.") for buildings or per unit for car parks, using market observable comparable prices. For buildings, similar prices ranging from HK\$1,744 to HK\$3,028 (December 31, 2024: HK\$2,400 to HK\$3,393) per sq. ft., while for car parks, is ranging from HK\$0.60 million to HK\$2.65 million (December 31, 2024: HK\$1.35 million to HK\$2.30 million) per unit and adjusted for differences in location, view, floor area, lot size and age and condition of the properties ("Adjusted market price").	A significant increase in the adjusted market price used would result in a significant increase in fair value and vice versa.
Owned properties in PRC – buildings and car park	HK\$81,311,000 (December 31, 2024: HK\$124,006,000)	Direct comparison method – The key input is the market price.	Direct comparison method – based on price per sq. ft. for buildings or per unit for car parks, using market observable comparable prices. For buildings, similar prices ranging from HK\$1,643 to HK\$3,512 (December 31, 2024: HK\$2,204 to HK\$3,819) per sq. ft., while for car parks, is ranging from HK\$220,847 to HK\$232,470 (December 31, 2024: HK\$215,983 to HK\$289,417) per unit and adjusted for differences in location, view, floor area, lot size and age and condition of the properties ("Adjusted market price").	A significant increase in the adjusted market price used would result in a significant increase in fair value and vice versa.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

17. PROPERTY, PLANT AND EQUIPMENT – *continued*

Fair value measurement of the Group's owned properties – *continued*

If the owned properties had not been revalued, they would have been included in these consolidated financial statements at historical cost less accumulated depreciation and their carrying amount would be HK\$88,551,000 (December 31, 2024: HK\$95,702,000).

18. RIGHT-OF-USE ASSETS

	Leased properties HK\$'000
CARRYING AMOUNT	
As at April 1, 2024	3,953
Additions to right-of-use assets from new leases	596
Modification of leases	271
Depreciation charge	(1,847)
Exchange difference	(32)
	<hr/>
As at December 31, 2024	2,941
Additions to right-of-use assets from new leases	3,829
Modification of leases	646
Disposal	(3,184)
Depreciation charge	(2,387)
Exchange difference	18
	<hr/>
As at December 31, 2025	1,863

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

18. RIGHT-OF-USE ASSETS – continued

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Cash payment in lease liabilities	(2,456)	(2,065)
Expenses relating to short-term leases	(2,856)	(2,377)
	<hr/>	<hr/>
Total cash outflow for leases (<i>Note</i>)	(5,312)	(4,442)

Note: Amount includes payments of principal and interest portion of lease liabilities and short-term leases.

For both periods, the Group leases various offices and warehouse premises for its operations. Lease contracts are entered into for fixed term of 1 year to 4 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for properties including car parks, staff quarters and offices.

Restrictions on leases

In addition, lease liabilities of HK\$1,840,000 (December 31, 2024: HK\$2,892,000) are recognised with related right-of-use assets of HK\$1,863,000 (December 31, 2024: HK\$2,941,000) as at December 31, 2025. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

19. INVESTMENT PROPERTY

	HK\$'000
At April 1, 2024	10,231
Loss on fair value change recognised in profit or loss	<u>(188)</u>
At December 31, 2024	10,043
Reclassify from property, plant and equipment	34,968
Loss on fair value change recognised in profit or loss	(1,691)
Exchange difference	<u>263</u>
At December 31, 2025	<u>43,583</u>

The Group's investment properties consist of three commercial properties in the PRC and one industrial property in Hong Kong. The directors of the Company have determined that the investment properties consist of two classes of asset, i.e., commercial and industrial, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 31 December 2025 based on valuations performed by AAL (December 31, 2024: AAL), independent professionally qualified valuers, at HK\$43,583,000 (December 31, 2024: HK\$10,043,000). Each year, the Group's management decide, after approval from the audit committee, to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management have discussions with the valuer on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

The investment properties are leased to Shanghai YCT's Group under operating leases, further summary details of which are included in Note 17 to the financial statements.

At 31 December 2025, the Group's investment properties with a carrying value of HK\$1,500,000 (December 31, 2024: HK\$10,043,000) were pledged to secure general banking facilities granted to the Group (Note 36).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

19. INVESTMENT PROPERTY – *continued*

Details of the residential apartment office and car park held by the Group as at December 31, 2025 are set out below:

Description and location	Gross area (sq.ft.)	Tenure	Use
Portion of Unit H, Level 6 and car parking space No. 108, Maple Court, Shang-Mira Garden, Hongqiao Road, Shanghai, the PRC	1,409	62 years commencing from July 19, 2002	Residential and car park
Unit A, Unit B, Unit E, Unit F, Unit H Unit I and Unit J, 14/F Jinyun Century Buildings, 6033 Shennan Main Road, Futian District, Shenzhen, the PRC	11,721	50 years commencing from February 28, 1997	Office
Parking space No. 23 on 2/F of Wyler Centre Phase 2, 200 Tai Lin Pai Road Kwai Chung, New Territories, Hong Kong	N/A	99 years commencing from July 1, 1898	Car park

The investment property was measured at fair value on December 31, 2025 and December 31, 2024 as determined by the directors of the Company based on a valuation performed by AAL, 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\$1,691,000 (Nine months ended December 31, 2024: HK\$188,000) was recognised in profit or loss for the year ended December 31, 2025.

In determining the fair value of the investment property, the management of the Group engages and works closely with AAL to establish the appropriate valuation techniques and inputs to the model for fair value measurement as prepared by the valuer. The management of the Group reports the findings to the board of directors of the Company on a regular basis to explain the cause of fluctuations in the fair value of the investment property.

The fair value of the investment property was determined based on the direct comparison method that reflects recent transaction prices for similar properties, adjusted for differences in the location, view, floor area, lot size and age and condition of the properties under review.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

19. INVESTMENT PROPERTY – continued

In estimating the fair value of the investment property, the highest and best use of the properties is their current use. The fair value of the investment property as at December 31, 2025 is HK\$43,583,000 (December 31, 2024: HK\$10,043,000).

Category	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Residential apartment and car park	Level 3	Direct comparison method – The key input is the market price.	Direct comparison method – based on price per sq. ft. for buildings or per unit for car parks, using market observable comparable prices. For buildings, similar prices ranging from HK\$6,333 to HK\$7,275 (December 31, 2024: HK\$7,046 to HK\$7,282) per sq. ft., while for car park, is ranging from HK\$309,960 to HK\$611,064 (December 31, 2024: HK\$345,572 to HK\$604,752) per unit and adjusted for differences in location, view, floor area, lot size and age and condition of the properties (“Adjusted market price”).	A significant increase in the adjusted market price used would result in a significant increase in fair value and vice versa.
Car Parking	Level 3	Direct comparison method – The key input is the market price.	Direct comparison method – based on price per sq. ft. for buildings or per unit for car parks, using market observable comparable prices. For car park, is ranging from HK\$600,000 to HK\$2,650,000 (December 31, 2024: HK\$1,350,000 to HK\$2,300,000) per unit and adjusted for differences in location, view, floor area, lot size and age and condition of the properties (“Adjusted market price”).	A significant increase in the adjusted market price used would result in a significant increase in fair value and vice versa.
Office	Level 3	Direct comparison method – The key input is the market price.	Direct comparison method – based on price per sq. ft. for buildings or per unit for car parks, using market observable comparable prices. For buildings, similar prices ranging from HK\$2,520 to HK\$3,512 (December 31, 2024: HK\$2,388 to HK\$3,819) per sq. ft. and adjusted for differences in location, view, floor area, lot size and age and condition of the properties (“Adjusted market price”).	A significant increase in the adjusted market price used would result in a significant increase in fair value and vice versa.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

20. CLUB DEBENTURES

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Balance at beginning and end of the year/period	2,001	2,001

The amount represents investments in club debentures, which have no limit on their term. The investments in club debentures are tested for impairment annually when whenever there is an indication that they may be impaired.

On December 31, 2025, the directors of the Company conducted impairment review on the investments in club debentures. The recoverable amounts of the investments in club debentures have been determined based on the market price of similar club debentures. Based on the assessment, the directors of the Company expect the carrying amount of the investments in club debentures to be recoverable and there is no impairment of the investments in club debentures as at December 31, 2025 and December 31, 2024.

21. INTEREST IN AN ASSOCIATE

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Cost of interest in an associate	98,000	98,000
Deemed capital contribution	9,016	9,016
Share of post-acquisition reserves:		
Post-acquisition losses	(36,823)	(36,823)
Translation reserve	(113)	(113)
	70,080	70,080
Impairment loss	(70,080)	(70,080)
	-	-

Deemed capital contribution represents the fair value of financial guarantee contracts granted to the associate at initial recognition in prior years. The financial guarantee contracts had expired in prior years and were not in effect as at December 31, 2025 and December 31, 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

21. INTEREST IN AN ASSOCIATE – *continued*

At the end of each reporting period, the Group had interests in the following associate:

Name of entity	Form of business structure	Place of incorporation	Principal place of operation	Class of share held	Proportion of ownership interest held by the Group		Proportion of voting power held by the Group		Principal activity
					December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024	
GW Electronics Company Limited ("GWE")	Incorporated	Hong Kong	Hong Kong	Ordinary	49%	49%	49%	49%	Inactive

During the year ended March 31, 2016, a winding-up petition was issued by a major supplier to GWE as a result of the termination of an authorised distributorship agreement. GWE ceased its operation in 2016. The directors of the Company reviewed and assessed this circumstance to be an indication for non-recoverability of the investment in GWE and a full impairment loss of HK\$70,080,000 was made on the investment in this associate as at March 31, 2016. For the year ended March 31, 2021, the court ruled that all proceedings in the winding-up order against GWE would be stayed altogether permanently. There is no reversal of impairment loss since the directors of the Company estimated the recoverable amount of it to be minimal based on value in use calculation.

No summarised financial information in respect of the Group's associate is presented as the associate has been fully impaired as at December 31, 2025 and December 31, 2024 and the Group has discontinued recognising its share of further losses.

22. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Financial assets measured at FVTOCI	12,398	8,639

The amount represents investments in unlisted equity securities issued by private entities in Hong Kong, Korea and PRC. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

22. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – *continued*

As at December 31, 2025, the directors of the Company consider that the fair values of the investment in Huamaode Technology (Fujian) Co., Ltd. approximates the acquisition cost considering that the Group acquired the financial asset close to the end of the year. The fair value of the investment in Shenzhen Suijing Automotive Electronics Co., LTD was based on a valuation performed by AAL, an independent valuer not connected with the Group who has appropriate qualifications and recent experience in the fair value measurement of financial assets.

In determining the fair value of the financial assets, the management of the Group engages and works closely with AAL to establish the appropriate valuation techniques and inputs to the model for fair value measurement as prepared by the valuer. The management of the Group reports the findings to the board of directors of the Company on a regular basis to explain the cause of fluctuations in the fair value of the financial asset.

As at December 31, 2024, the directors of the Company consider that the fair values of the investment in Shenzhen Suijing Automotive Electronics Co., LTD approximates the acquisition cost considering that the Group acquired the financial asset close to the end of the reporting period.

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
<i>At fair value through other comprehensive income</i>		
– Equity securities (unquoted)		
Shenzhen Suijing Automotive Electronics Co., LTD	9,077	8,639
Huamaode Technology (Fujian) Co., Ltd.	3,321	–
	<hr/>	<hr/>
Financial assets measured at FVTOCI	12,398	8,639

There was no dividend recognised during the year from the investments in unlisted equity securities (nine months ended December 31, 2024: nil). There was no transfer of the cumulative gain or loss within equity during the year (nine months ended December 31, 2024: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

23. LONG-TERM DEPOSITS

	December 31, 2025	December 31, 2024
	HK\$'000	HK\$'000
Refundable deposits (<i>Note</i>)	1,293	1,363

Note: Refundable deposits mainly consists of rental deposits, which is expected to be repayable over 1 year and shown under non-current assets.

24. INVENTORIES

	December 31, 2025	December 31, 2024
	HK\$'000	HK\$'000
Trading goods held for sale	403,376	532,281
Allowance for inventories	(68,172)	(114,353)
	335,204	417,928
	Year ended December 31, 2025	Nine months ended December 31, 2024
	HK\$'000	HK\$'000
Inventories recognised as an expense in cost of sales	2,181,085	1,723,475
Allowance (reversed)/recognised for inventories	(46,280)	26,111

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

25. TRADE RECEIVABLES

	December 31, 2025	December 31, 2024
	HK\$'000	HK\$'000
Trade receivables	697,431	719,934
Less: allowance for credit losses	(5,640)	(11,486)
	691,791	708,448

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

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

	December 31, 2025	December 31, 2024
	HK\$'000	HK\$'000
Within 60 days	407,356	397,901
61 to 90 days	136,160	119,801
Over 90 days	148,275	190,746
	691,791	708,448

As at December 31, 2025, total bills received amounting to HK\$35,624,000 (December 31, 2024: HK\$71,607,000) are held by the Group for future settlement of trade receivables. The Group does not hold any collateral over the balance. All bills received by the Group are with a maturity period of less than one year.

As at December 31, 2025, included in the Group's net trade receivables balance are debtors with aggregate carrying amount of HK\$186,025,000 (December 31, 2024: HK\$192,874,000) which are past due as at the reporting date. No past due balances in both periods has been past due 90 days or more and is not considered as in default.

Details of impairment assessment of trade receivables for the year ended December 31, 2025 and the nine months ended December 31, 2024 are set out in Note 44.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

26. TRANSFER OF FINANCIAL ASSETS

The following were the Group's trade receivables as at December 31, 2025 and December 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\$140,125,000 (December 31, 2024: HK\$72,561,000) (Note 36).

At December 31, 2025

	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	149,823	20,267	170,090
Carrying amount of associated liabilities (Note 36)	(119,858)	(20,267)	(140,125)
Net position	<u>29,965</u>	<u>-</u>	<u>29,965</u>

At December 31, 2024

	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	21,375	55,493	76,868
Carrying amount of associated liabilities (Note 36)	(17,068)	(55,493)	(72,561)
Net position	<u>4,307</u>	<u>-</u>	<u>4,307</u>

Finance costs recognised for trade receivables and bills received discounted to banks for the year ended December 31, 2025 are HK\$3,215,000 and HK\$3,802,000 (Nine months ended December 31, 2024: HK\$2,629,000 and HK\$1,733,000), respectively, which are included in interest on bank borrowings and trust receipt loans (Note 10).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

27. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Prepayments	2,567	4,986
Deposits	1,402	890
Other tax recoverable	–	370
Others	3,507	2,121
	7,476	8,367

The ECL of the financial assets included in other receivables, deposits and prepayments is disclosed in note 44.

28. AMOUNTS DUE FROM/(TO) RELATED COMPANIES

Amounts due from related companies:

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Amounts due from related companies (<i>Note i</i>):		
Trade balance	1,192	948

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

Amounts due to related companies:

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Amounts due to related companies:		
Amounts due to associate (<i>Note ii</i>)		
Non-trade balance	3,860	–
Amounts due to other related companies (<i>Note i</i>):		
Trade balance	500	–
Trade balance	4,360	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

28. AMOUNTS DUE FROM/(TO) RELATED COMPANIES – *continued*

Amounts due to related companies are unsecured, interest-free and repayable on demand.

The relationship and transactions with the above related companies are disclosed in Note 41(b).

Note i: 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.

Note ii: GW Electronics Company Limited is the associate of the Group and defined as a related company.

29. LOANS FROM THE ULTIMATE HOLDING COMPANY

On September 27, 2024 Shanghai YCT, the ultimate controlling shareholder of the Company, entered into a loan agreement (the “2024 Loan”) with the Company together with the Company’s PRC subsidiaries to replenish the Group’s working capital and for repayment of the Group’s higher-interest-rate trust receipt loans. According to the 2024 Loan, Shanghai YCT would grant loans at the aggregating amount not more than RMB150,000,000 with effective interest rate at 6.8% per annum to the Company and the Company’s PRC subsidiaries.

On September 29, 2025, Shanghai YCT, entered into another loan agreement (the “2025 Loan”) with the Company together with the Company’s PRC subsidiaries to replenish the Group’s working capital and for repayment of the Group’s higher-interest-rate trust receipt loans. According to the 2025 Loan, Shanghai YCT would grant loans at the aggregating amount not more than RMB100,000,000 with effective interest rate at 4.8% per annum to the Company and the Company’s PRC subsidiaries.

These loans are unsecured and repayable in one year. The provision of loans from Shanghai YCT to the Company constitutes a connected transaction of the Company under Chapter 14A of the HK Listing Rules. However, as the Loan is conducted on normal commercial terms or better and it is not secured by the assets of the Group, the Loan is fully exempted from the announcement, circular, independent financial advice and Shareholders’ approval requirements under pursuant to Rule 14A.90 of the HK Listing Rules.

As at December 31, 2025, the carrying amount of the loan from Shanghai YCT was HK\$49,601,000 (December 31, 2024: HK\$163,180,000), including loan interest payable of HK\$118,000 (December 31, 2024: HK\$1,193,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

30. CASH AND CASH EQUIVALENTS

	December 31, 2025	December 31, 2024
	HK\$'000	HK\$'000
Cash at banks	88,647	41,356
Term deposits with original maturities within three months	23,346	–
Cash on hand	–	56
	111,993	41,412
Analysis by:		
Cash and cash equivalents (<i>Note</i>)	111,993	41,412

Note: As at December 31, 2025, cash and cash equivalents comprise cash held by the Group of HK\$111,993,000 (December 31, 2024: HK\$41,412,000). As at December 31, 2025, bank balances carry interest at market interest rates, ranging from 0.0001% to 3.45% (December 31, 2024: 0.0001% to 1.50%) per annum.

At the end of the reporting period, the carrying amounts of the Group's cash and cash equivalents denominated in currencies other than the respective group entities' functional currencies are as follows:

	December 31, 2025	December 31, 2024
	HK\$'000	HK\$'000
USD	47,228	19,283
YEN	604	753
RMB	13	73
Singapore dollars ("S\$")	438	484
EUR	6	5
HK\$	4	6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

31. TRADE PAYABLES

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Trade payables	222,383	322,998

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 period.

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Within 30 days	212,453	274,729
31 to 60 days	7,485	48,267
61 to 90 days	2,445	2
	222,383	322,998

The average credit period on purchases of goods is 30 days (December 31, 2024: 30 days).

As at December 31, 2025, HK\$159,979,000 (December 31, 2024: HK\$258,697,000) 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 CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

32. OTHER PAYABLES

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Accrual for staff costs	12,240	6,502
Other payable for the purchase of financial assets measured at FVTOCI	–	6,479
Deposit	2,388	4,823
Accrued expenses	10,646	4,784
Other tax payables	5,965	6,308
Others	3,937	2,965
	35,176	31,861

33. CONTRACT LIABILITIES

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Receipts in advances from customers	2,694	3,256

The following table shows how much of the revenue recognised in the current year/period related to carried-forward contract liabilities:

	Year ended December 31, 2025 HK\$'000	Nine months ended December 31, 2024 HK\$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year/period	3,256	3,551

When the Group receives an amount from customers before products are delivered, this will give rise to contract liabilities at the beginning of a contract, until the customers obtain the control of the products.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

34. LEASE LIABILITIES

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Lease liabilities payable:		
Within one year	1,213	2,050
Within a period of more than one year but not more than two years	605	718
Within a period of more than two years but not more than five years	22	124
	1,840	2,892
Less: Amounts due for settlement within 12 months shown under current liabilities	(1,213)	(2,054)
Amounts due for settlement after 12 months shown under non-current liabilities	627	838

The weighted average incremental borrowing rates applied to lease liabilities range from 6.00% to 6.5% (December 31, 2024: 2.98% to 6.5%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

35. TRUST RECEIPT LOANS

The Group has entered into certain trust receipt loan agreements with banks, under which the Group obtained extended credit in respect of the invoice amounts owed to certain suppliers of materials. Under these arrangements, the banks pay suppliers the amounts owed by the Group on the original due dates, which are normally 30 days after the invoice date. The Group then settles with the banks within 150 days after the original due dates with the suppliers, with interest.

In the consolidated statement of financial position, the Group has presented the payables to the banks under these arrangements as “trust receipt loans”, in view of the nature and function of such liabilities when compared with the Group’s trade payables to suppliers.

As at December 31, 2025, the carrying amount of financial liabilities under these arrangements amounted to HK\$74,953,000 (December 31, 2024: HK\$140,044,000), of which suppliers have received payments from the banks.

The trust receipt loans are unsecured, bear fixed-rates with weighted average effective interest rate of 6.39% (December 31, 2024: 6.95%) per annum, and are repayable within one year.

The trust receipts loans were drawn down by the Group from the banks for settlement of its trade payables. During the year ended December 31, 2025, gross amount of HK\$237,200,000 (Nine months ended December 31, 2024: HK\$719,917,000) trade payables have been settled through the trust receipt loans provided by the banks. During the year ended December 31, 2025, gross amount of HK\$302,499,000 (Nine months ended December 31, 2024: HK\$847,633,000) trust receipt loans have been repaid to banks.

At December 31, 2025, the Group has complied with the loan covenants for both periods.

At the end of the reporting period, the carrying amounts of the Group’s trust receipt loans denominated in currencies other than the respective group entities’ functional currencies are as follows:

	December 31, 2025	December 31, 2024
	HK\$'000	HK\$'000
USD	74,953	140,044

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

36. BANK BORROWINGS

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Trade receivables and bills received discounted to banks with full recourse (<i>Note 26</i>)	140,125	72,561
Other bank borrowings	320,400	244,344
	460,525	316,905
The carrying amount of the above bank borrowings are repayable:		
Within one year (<i>Note i</i>)	460,525	316,905
Analysis by:		
Secured (<i>Note ii</i>)	164,849	139,873
Unsecured	295,676	177,032
	460,525	316,905

Notes:

- (i) The amounts due within one year are based on scheduled repayment dates set out in the loan agreements and included in the balances are borrowings of HK\$437,939,000 (December 31, 2024: HK\$299,102,000) under loan agreements which contain a repayment on demand clause.
- (ii) During the year ended December 31, 2025, the Group discounted trade receivables and bills received with recourse for bank borrowings in an aggregated amount of HK\$586,952,000 and HK\$49,758,000 (Nine months ended December 31, 2024: HK\$65,713,000 and HK\$75,265,000), respectively.

As at December 31, 2025, the Group's bank borrowings amounted to HK\$44,491,000 (December 31, 2024: HK\$67,312,000) had been secured by the pledged of office premise and the certain bills receivables held by the Group amounted to HK\$20,267,000 (December 31, 2024: HK\$10,712,000).

As at December 31, 2025, the Group's fixed-rate borrowings with carrying amount of HK\$397,928,000 (December 31, 2024: HK\$316,250,000) are repayable within one year.

In addition, as at December 31, 2025, the Group has variable-rate borrowings at with interest rate 1.25% to 1.51% (December 31, 2024: 1.25%) per annum over respective bank's cost of fund, which are HIBOR or Term Secured Overnight Financing Rate for the floating rate loans, where appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

36. BANK BORROWINGS – *continued*

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

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Weighted average effective interest rate:		
– fixed-rate borrowings	3.14%	3.78%
– variable-rate borrowings	4.18%	5.62%

As at December 31, 2025 and December 31, 2024, the Group's bank borrowings, both of which had a carrying amount of nil on their respective dates, are required to comply with certain loan covenants. The directors of the Company have reviewed the covenants compliance and represented that they were not aware of any breach during both periods.

At the end of the reporting period, the carrying amounts of the Group's bank borrowings denominated in currencies other than the respective group entities' functional currencies are as follows:

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
USD	–	49,509

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

37. DEFERRED TAX

For the purposes of 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 consolidated statement of financial position purposes:

	December 31, 2025	December 31, 2024
	HK\$'000	HK\$'000
Deferred tax assets	17,152	2,281
Deferred tax liabilities	(17,722)	(14,517)
	(570)	(12,236)

The following are major deferred tax liabilities recognised and movements thereon during the year/period:

	Revaluation of owned properties	Fair value change on investment property	Accelerated tax depreciation	Allowance	Undistributed profits of subsidiaries	Fair value change on FVTOCI	Tax losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At April 1, 2024	(25,528)	(6,355)	(800)	820	(5,789)	-	13,802	(23,850)
Credit/(charge) to profit or loss	1,055	5,465	111	(377)	906	-	-	7,160
Credit to other comprehensive income	4,258	-	-	-	-	-	-	4,258
Exchange difference	196	-	-	-	-	-	-	196
At December 31, 2024	(20,019)	(890)	(689)	443	(4,883)	-	13,802	(12,236)
Credit/(charge) to profit or loss	1,007	343	83	(315)	4,883	-	3,296	9,297
Credit/(charge) to other comprehensive income	2,638	-	-	-	-	(55)	-	2,583
Exchange difference	(214)	-	-	-	-	-	-	(214)
At December 31, 2025	(16,588)	(547)	(606)	128	-	(55)	17,098	(570)

Under the EIT Law and implementation regulations issued by the State Council, withholding tax at 10% or a lower treaty rate is imposed on dividends declared in respect of profits earned by the PRC subsidiary from January 1, 2008 onwards.

Under the Income Tax Act prescribed by the Ministry of Finance of Taiwan, dividends paid to non-resident shareholders shall be subject to withholding tax at a rate of 21% (December 31, 2024: 21%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

37. DEFERRED TAX – *continued*

At December 31, 2025, the total temporary differences attributable to the accumulated profits amounting to HK\$61,029,000 (December 31, 2024: HK\$95,859,000). Based on the Group's expectation of the dividend payout ratio, deferred taxation has been provided for in the consolidated financial statements in respect of temporary differences attributable to the accumulated profits of the Taiwan (December 31, 2025: PRC and Taiwan) subsidiaries amounting to nil (December 31, 2024: 47,930,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Subject to the agreement by the tax authorities, at December 31, 2025, the Group has unutilised tax losses of HK\$312,993,000 (December 31, 2024: HK\$275,983,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$93,919,000 (December 31, 2024: HK\$83,646,000) of such losses for the Group as at December 31, 2025. No deferred tax asset has been recognised in respect of the remaining tax losses of HK\$219,074,000 (December 31, 2024: HK\$192,337,000) due to the unpredictable profit stream. Tax losses of HK\$261,942,000 (December 31, 2024: HK\$222,916,000) in current year/period that may be carried forward indefinitely.

At December 31, 2025, the Group has other deductible temporary differences on allowance for credit losses and inventories of HK\$3,767,000 (December 31, 2024: HK\$42,907,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that the deductible temporary differences can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

38. SHARE CAPITAL

	Number of shares		Share capital	
	December 31, 2025 '000	December 31, 2024 '000	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Ordinary shares of HK\$1.0 each				
Authorised:				
At beginning and at end of the year/ period	120,000	120,000	120,000	120,000
Issued and paid up:				
At beginning of the year/period	87,692	87,622	87,692	87,622
Exercise of share options	297	70	297	70
Issuance of ordinary shares (<i>Note</i>)	15,000	–	15,000	–
At end of the year/period	102,989	87,692	102,989	87,692

Fully paid ordinary shares carry one vote per share and a right to dividends as and when declared by the Company.

Share options granted under the employee share option scheme carry no rights to dividends and no voting rights. Further details of the employee share option scheme are contained in Note 40.

Note: On June 12, 2025, the Company entered into six separate subscription agreements with each of the six subscribers respectively, pursuant to which the Company has agreed to allot and issue and the six subscribers have conditionally agreed to subscribe for an aggregate of 15,000,000 new shares at the subscription price of HK\$2.66 (equivalent to approximately S\$0.44 based on the prevailing exchange rate of S\$ to HK\$ of S\$1 to HK\$6.09) per subscription share on the terms and subject to the conditions set out in the subscription agreements. The subscriptions were completed on July 15, 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

39. CAPITAL RESERVES

	Share premium HK\$'000	Contributed surplus HK\$'000	Share options reserve HK\$'000	Total HK\$'000
At April 1, 2024	123,035	75,070	923	199,028
Exercised of share options	164	–	(51)	113
Share options forfeited	–	–	(503)	(503)
At December 31, 2024	123,199	75,070	369	198,638
Subscription of shares	24,900	–	–	24,900
Exercised of share options	1,196	–	(332)	864
Share options forfeited	–	–	(37)	(37)
At December 31, 2025	149,295	75,070	–	224,365

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 re-organisation in 2001 and the nominal amount of the shares issued by the Company under the re-organisation.

The share options reserve arises on the grant of share options to employees under the employee share option plan. Further information about share-based payments to employees is set out in Note 40.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

40. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company adopted the Willas-Array Electronics Employee Share Option Scheme III (“ESOS III”) by an ordinary resolution of the shareholders in a special general meeting of the Company held on July 30, 2013.

The share option scheme is administered by a committee (“ESOS Committee”) which has been authorised to determine the terms and conditions of the grant of the options.

The options under ESOS III grant the right to the holder to subscribe for new ordinary shares of the Company at the exercise price to be determined by the ESOS Committee, in its sole and absolute discretion, on the date of grant, which must be at least the higher of (i) the closing price of the shares as stated in the daily quotations sheet of the SEHK or the SGX-ST (whichever is higher) on the date of grant, which must be a business day; and (ii) the average closing prices of the shares as stated in the daily quotations sheet of the SEHK or the SGX-ST for the five consecutive business days immediately preceding the date of the grant of the option (whichever is higher). The number of shares in respect of which options may be granted under ESOS III, when aggregated with those granted under any other share option schemes of the Company and the time being in force, shall not exceed 15% of the issued share capital of the Company on the date preceding the date of the relevant grant.

Under ESOS III, 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.

3,835,000 share options under ESOS III were granted on December 2, 2020 with an exercise price of HK\$2.61 per share. The total estimated fair value as at the date of grant was approximately HK\$2,817,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

40. SHARE-BASED PAYMENTS – *continued*

Equity-settled share option scheme – *continued*

Details of the Company's share options outstanding under ESOS III held by employees during the year/period are as follows:

	December 31, 2025		December 31, 2024	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
At the beginning of the year/period	347,000	3.72	1,012,500	3.21
Forfeited during the year/period (Note i)	(50,000)	2.61	(595,500)	2.98
Exercised during the year/period (Note ii)	<u>(297,000)</u>	3.91	<u>(70,000)</u>	2.61
At the end of the year/period	<u>-</u>	-	<u>347,000</u>	3.72
Exercisable at the end of the year/ period	<u>-</u>		<u>347,000</u>	

There are no share options remaining under ESOS III (Grant date: July 17, 2017) and ESOS III (Grant date: December 2, 2020) as at December 31, 2025.

As at December 31, 2024, the share options outstanding under ESOS III (Grant date: July 17, 2017) have a weighted average remaining contractual life of 2.3 years with an expiry date on July 17, 2027 and the share options outstanding under ESOS III (Grant date: December 2, 2020) at the end of the reporting period have a weighted average remaining contractual life of 5.7 years with an expiry date on December 2, 2030.

Notes:

- (i) For the year ended December 31, 2025 and the nine months ended December 31, 2024, 50,000 and 595,500, respectively, share options under ESOS III were forfeited.
- (ii) For the year ended December 31, 2025, certain share options holders under ESOS III exercised part of their share options and subscribed for 297,000 shares (Nine months ended December 31, 2024: 70,000 shares) of HK\$1.00 each of the Company at an exercise price of HK\$3.91 per share. The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK\$7.79 per shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

40. SHARE-BASED PAYMENTS – *continued*

Equity-settled share option scheme – *continued*

Fair values of the share options granted under ESOS III were calculated using the Binomial option pricing model. The variables and assumptions used in computing the fair value of the share options are based on the directors' and valuer's best estimate. The value of an option varies with different variables of certain subjective assumptions. The inputs into the model were as follows, which are applicable for the year ended December 31, 2025 and nine months ended December 31, 2024:

	ESOS III	ESOS III
Grant date	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 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 options under ESOS III of the Company have been adjusted accordingly.

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 10 years. The expected life used in the model has been adjusted, based on the directors' and valuer's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

During the year ended December 31, 2025 and the nine months ended December 31, 2024, no share-based payment expense was recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

41. RELATED COMPANY DISCLOSURES

(a) Transactions and balances with an associate

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

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Associate		
– other receivables (<i>Note</i>)	532	532
Impairment loss	(532)	(532)
	–	–
– amounts due to related companies (<i>Note 28</i>)	(3,860)	–

Amounts due to associate are unsecured, interest-free and repayable on demand.

Note: As at the end of the reporting period, management has recognised lifetime ECL of HK\$532,000 (December 31, 2024: HK\$532,000) on the amount due from its associate (*Note 44*).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

41. RELATED COMPANY DISCLOSURES – *continued*

(b) Transactions and balances with related companies

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

	Notes	Year ended December 31, 2025 HK\$'000	Nine months ended December 31, 2024 HK\$'000
Received from Shanghai YCT and entities controlled by Shanghai YCT			
– Sales of electronic components	(i)	7,523	3,631
– Rental and related services income	(ii)		
Rental income of office		720	370
Rental income of warehouse		787	30
Provision of warehousing and logistics service		2,982	280
– Provision of agency income	(ii)	168	–
Paid to Shanghai YCT and entities controlled by Shanghai YCT			
– Purchases of electronic components	(i)	3,474	214
– Interest expense	(ii)	7,388	2,449

The related party transactions with Shanghai YCT above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Notes:

- (i) The sales/purchases to/from Shanghai YCT and entities controlled by Shanghai YCT were made according to the terms in the agreement signed between them.
- (ii) The fees received or paid from/to Shanghai YCT and entities controlled by Shanghai YCT for the lease and financing services were charged pursuant to the terms in the agreement signed between them.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

41. RELATED COMPANY DISCLOSURES – *continued*

(c) Other transactions with related parties

During the FY 2025, certain banking facilities of the Group were guaranteed by Shanghai YCT Group, the controlling shareholder of the Company (also a related party of the Company), by way of unconditional and irrevocable credit guarantees. As at December 31, 2025, the Company obtained a banking facilities limit of approximately HK\$642,581,000 (December 31, 2024: nil) based on the credit guarantees provided by Shanghai YCT Group.

Shanghai YCT Group and certain entities controlled by Shanghai YCT guaranteed certain bank borrowing made to the Group of up to HK\$415,534,000 (December 31, 2024: nil) as at the end of the reporting period. Shanghai YCT Group and certain entities controlled by Shanghai YCT did not charge guarantee fees for the aforesaid guarantees. There is no counter-indemnity arrangement.

(d) Compensation of directors and key management personnel

The emoluments of directors and other members of key management during the year/period are as follows:

	Year ended December 31, 2025 HK\$'000	Nine months ended December 31, 2024 HK\$'000
Short-term benefits	9,762	6,009
Post-employment benefits	420	248
	10,182	6,257

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 CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

42. RETIREMENT BENEFITS OBLIGATIONS

Defined Contribution Plans

The Group operates an MPF Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of the relevant payroll costs to the scheme, which contribution is matched by employees. The maximum mandatory contributions for the MPF Scheme are capped at HK\$1,500 monthly.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

Employees in Taiwan may choose a scheme where the rate of contribution by an employer should not be less than 6% of the employees' monthly salaries and the employees may also voluntarily contribute up to 6% of the monthly salaries to the provision fund account under the Labour Pension Act of Taiwan.

As at December 31, 2025 and December 31, 2024, the amount of forfeited contributions available to reduce contributions payable in the future years is insignificant.

43. OPERATING LEASE ARRANGEMENTS

The Group as lessor

A property held by the Group for rental purpose has committed leases for the next 1 year.

Undiscounted lease payments receivable on leases are as follows:

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Within 1 year	2,401	125

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

44. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Financial assets		
Financial assets at amortised cost	799,277	749,169
Financial asset at fair value	22,142	14,509
	821,419	763,678
Financial liabilities		
Financial liabilities at amortised cost	830,634	962,585

(b) Financial risk management policies and objectives

The Group's major financial instruments include trade receivables, other receivables and refundable deposits, cash and cash equivalents, financial assets measured at FVTOCI, amounts due from an associate, amounts due from related companies, trade payables, other payables, trust receipt loans, bank borrowings, lease liabilities and loans from the ultimate holding company. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

44. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT – *continued*

(b) Financial risk management policies and objectives – *continued*

Market risk

The risks arising from the Group's financial instruments are mainly foreign exchange risk, interest rate risk, credit risk and liquidity risk. The directors of the Company review policies for managing each of these risks, details of which are summarised below.

(i) *Foreign exchange risk management*

The group entities transact business in various foreign currencies, including USD, HK\$, YEN, RMB, Euro and S\$ relative to respective functional currencies mainly in HK\$.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	December 31, 2025		December 31, 2024	
	Assets	Liabilities	Assets	Liabilities
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
USD	253,286	(400,583)	300,820	(464,719)
HK\$	4	–	6	–
YEN	2,867	(1,468)	3,257	(2,133)
RMB	15	(33)	204	(50)
Euro	6	–	38	–
S\$	438	–	484	(174)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

44. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT – *continued*

(b) Financial risk management policies and objectives – *continued*

Market risk – *continued*

(i) Foreign exchange risk management – *continued*

Foreign currency sensitivity

The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 5% is the sensitivity rate used when reporting foreign currency risk and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year/period end for a 5% change in foreign currency rates.

If the relevant foreign currency weakens by 5% against the functional currency of the respective group entity, post-tax profit/(loss) for the year/period will (decrease)/increase by:

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
USD ⁽ⁱ⁾	(6,057)	(6,640)
YEN ⁽ⁱⁱ⁾	56	43
RMB ⁽ⁱⁱⁱ⁾	–	6
Euro	–	1
S\$	18	13

If the relevant foreign currency strengthens by 5% against the functional currencies of the respective group entity, there would be an equal and opposite impact on the profit/(loss) after income tax.

Notes:

- (i) This is mainly attributable to the exposure on bank balances, trade receivables and payables as at year/period end.
- (ii) This is mainly attributable to the exposure on bank balances, trade receivables and payables denominated in YEN as at end of the reporting period.
- (iii) This is mainly attributable to the exposure on bank balances denominated in RMB as at end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

44. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT – *continued*

(b) Financial risk management policies and objectives – *continued*

Market risk – *continued*

(ii) *Interest rate risk management*

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings (Note 36), lease liabilities (Note 34) and long-term deposits (refundable deposits) (Note 23). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (Note 30). The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and HIBOR or SOFR arising from the Group's Hong Kong and US dollar denominated borrowings. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

A fundamental reform of major interest rate benchmarks has been undertaken globally to replace some interbank offered rates ("IBORs") with alternative nearly risk-free rates. Details of the impacts on the Group's risk management strategy arising from the interest rate benchmark reform and the progress towards implementation of alternative benchmark interest rates are set out under "interest rate benchmark reform" in this note.

The directors of the Company consider the Group's exposure on bank deposits is not significant as the interest rates have no material fluctuation during the year/period.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate bank borrowings at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole period/year. A 50 basis points (December 31, 2024: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (December 31, 2024: 50 basis points) higher or lower and all other variables were held constant, the Group's post-tax profit (December 31, 2024: post-tax loss) for the twelve months ended December 31, 2025 would increase or decrease by HK\$261,000 (Year ended December 31, 2024: decrease or increase by HK\$3,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

44. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT – *continued*

(b) Financial risk management policies and objectives – *continued*

Credit risk and impairment management

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, bank balances, amount due from an associate, amounts due from related companies, other receivables and refundable deposits. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. The Group also insured certain trade debtors with credit insurance agencies with the insurance coverage which was negotiable between the Group and the agencies based on the credit quality of respective debtors.

Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. The Group only accepts bills issued by reputable PRC banks if trade receivables are settled by bills and therefore the management of the Group considers the credit risk arising from the discounted bills is insignificant. In this regard, the management considers that the Group's credit risk is significantly reduced.

In addition, the Group performs impairment assessment under ECL model on trade receivables with credit-impaired individually. Except for trade receivables with credit-impaired, which are assessed for impairment individually, the remaining trade receivables are grouped based on shared credit risk characteristics by reference to the Group's internal credit ratings. Impairment losses of HK\$6,012,000 were reversed (Nine months ended December 31, 2024: Impairment losses of HK\$7,813,000 were reversed) during the year ended December 31, 2025. Details of the quantitative disclosures are set out below in this note.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

44. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT – *continued*

(b) Financial risk management policies and objectives – *continued*

Credit risk and impairment management – *continued*

Bank balances

The credit risks on bank balances are limited because the counterparties are mainly reputable banks with high credit ratings assigned by international credit-rating agencies in the PRC and Hong Kong.

The Group assessed 12m ECL for bank balances by reference to information relating to probability of default and average loss rates of the respective credit rating grades published by external credit rating agencies.

Based on the average loss rates, the 12m ECL on bank balances is considered insignificant.

Other receivables and refundable deposits

The management of the Group makes periodic individual assessment on the recoverability of other receivables and refundable deposits based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information under ECL model. The management of the Group believes that there are no significant increase in credit risk of these amounts and the credit loss amount is insignificant, no loss allowance is recognised.

Amount due from an associate

The management of the Group determined that there was loss credit rating for amount due from an associate since the associate was remained inactive. The exposure to credit risk for these balances are assessed within lifetime ECL (credit-impaired) and impairment allowance of HK\$532,000 was provided by the Group as at December 31, 2025 (March 31, 2024: HK\$532,000).

Amounts due from related companies

The management of the Group makes periodic individual assessment on the recoverability of amounts due from related companies based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information under ECL model. The management of the Group believes that there are no significant increase in credit risk of these amounts and the credit loss amount is insignificant, no loss allowance is recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

44. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT – *continued*

(b) Financial risk management policies and objectives – *continued*

Credit risk and impairment management – *continued*

Amounts due from related companies – continued

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets/other items
Low risk	Low risk types customers represent the counterparty with good reputation and repayment history in general	Lifetime ECL – not credit-impaired	12m ECL
Normal risk	Normal risk types customers represent debtors occasionally repays after due dates but settle in full	Lifetime ECL – not credit-impaired	12m ECL
High risk	High risk types customers represent debtors frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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44. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT – *continued*

(b) Financial risk management policies and objectives – *continued*

Credit risk and impairment management – *continued*

The tables below detail the credit risk exposures of the Group's financial assets as at December 31, 2025 and December 31, 2024 which are subject to ECL assessment:

Financial assets at amortised costs

December 31, 2025	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount HK\$'000
Bank balances	30	Aa1 to Baa3	N/A	12m ECL	111,993
Long-term deposits (refundable deposits)	23	N/A	Note 1	12m ECL	1,293
Other receivables and deposits	27	N/A	Note 1	12m ECL	2,751
Amount due from an associate	41	N/A	Loss (Note 3)	Lifetime ECL (Credit-impaired)	532
Amounts due from related companies	28	N/A	Note 1	12m ECL	1,192
Trade receivables	25	N/A	Note 2	Lifetime ECL (Collective assessment)	686,396
			Loss	Lifetime ECL (Credit-impaired)	1,291

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FOR THE YEAR ENDED DECEMBER 31, 2025

44. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT – *continued*

(b) Financial risk management policies and objectives – *continued*

Credit risk and impairment management – *continued*

Financial assets at amortised costs – continued

December 31, 2024	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount HK\$'000
Bank balances	30	Aa1 to Baa3	N/A	12m ECL	41,412
Long-term deposits (refundable deposits)	23	N/A	Note 1	12m ECL	1,363
Other receivables and deposits	27	N/A	Note 1	12m ECL	2,868
Amount due from an associate	41	N/A	Loss (Note 3)	Lifetime ECL (Credit-impaired)	532
Amounts due from related companies	28	N/A	Note 1	12m ECL	948
Trade receivables	25	N/A	Note 2	Lifetime ECL (Collective assessment)	709,220
			Loss	Lifetime ECL (Credit-impaired)	4,844

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

44. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT – *continued*

(b) Financial risk management policies and objectives – *continued*

Credit risk and impairment management – *continued*

Financial assets at amortised costs – continued

Notes:

- (1) For the purposes of internal credit risk management, the Group uses repayment history or other relevant information to assess whether credit risk has increased significantly since initial recognition. As at December 31, 2025 and December 31, 2024, the balances of other receivables and refundable deposits are not past due and based on the historical default rates of these balances are considered as low risk.
- (2) For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors that are credit-impaired, the Group determines the expected credit losses on these items on a collective basis grouped by internal credit rating.

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to its sales of electronic components.

Trade receivables that are credit-impaired with an aggregate gross carrying amount of HK\$1,291,000 as at December 31, 2025 (December 31, 2024: HK\$4,844,000) are assessed individually. The exposure to credit risk for these balances are assessed within lifetime ECL (credit-impaired) and impairment allowance of HK\$1,291,000 was provided by the Group as at December 31, 2025 (December 31, 2024: HK\$4,844,000).

As part of the individual assessment of the lifetime ECL for each credit-impaired trade receivables, the management of the Group has obtained an analysis on the counterparties' credit risk characteristics by reviewing the trading history and historical settlement pattern with the Group. Such analysis also include operational update and financial position, to the extent the Group is possible to obtain such information or from the observable data in the market. The management of the Group estimates the amount of lifetime ECL individually based on expectation on cash flows that take into account the credit risk characteristics of individual debtors taking into consideration of historical settlement record adjusted to reflect current conditions and forward-looking information, including gross domestic product rate, that is reasonably and supportably available to directors of the Company without undue cost or effort, and are updated at each reporting date if considered to be required.

The remaining trade receivables with gross carrying amount of HK\$686,396,000 (December 31, 2024: HK\$709,220,000) are assessed based on the internal credit rating of the Group for its customers in relation to its operation. The following table provides information about the exposure to credit risk for trade receivables which is assessed on a collective basis as at December 31, 2025 and December 31, 2024 within lifetime ECL (not credit-impaired).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

44. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT – continued

(b) Financial risk management policies and objectives – continued

Credit risk and impairment management – continued

Financial assets at amortised costs – continued

Notes: – continued

(2) – continued

Gross carrying amount

	December 31, 2025			December 31, 2024		
	Average loss rate	Gross carrying amount HK\$'000	Allowance amount HK\$'000	Average loss rate	Gross carrying amount HK\$'000	Allowance amount HK\$'000
Low risk	0.02%	357,351	65	0.01%	67,869	7
Normal risk	1.00%	274,235	2,743	0.99%	624,560	6,187
High risk	2.81%	54,810	1,541	2.67%	16,791	448
		686,396	4,349		709,220	6,642

The following table shows the movement in ECL that has been recognised for trade receivables.

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
As at April 1, 2024	11,257	8,242	19,499
Impairment losses recognised	6,687	4,823	11,510
Impairment losses reversed	(11,135)	(8,188)	(19,323)
Transfer	(78)	78	–
Exchange difference	(89)	(111)	(200)
As at December 31, 2024	6,642	4,844	11,486
Impairment losses recognised	4,286	1,272	5,558
Impairment losses reversed	(6,682)	(4,888)	(11,570)
Transfer	–	–	–
Exchange difference	103	63	166
As at December 31, 2025	4,349	1,291	5,640

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

44. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT – continued

(b) Financial risk management policies and objectives – continued

Credit risk and impairment management – continued

Financial assets at amortised costs – continued

Notes: – continued

(2) – continued

Changes in the loss allowance for trade receivables are mainly due to:

	December 31, 2025 Increase (decrease) in lifetime ECL		December 31, 2024 Increase (decrease) in lifetime ECL	
	Not credit- impaired HK\$'000	Credit- impaired HK\$'000	Not credit- impaired HK\$'000	Credit- impaired HK\$'000
Newly originated trade receivable balance with gross amount of HK\$686,396,000 (December 31, 2024: HK\$709,220,000)	4,349	1,291	6,642	4,844
Settlement in full of trade debtors with a gross carrying amount of HK\$709,220,000 (December 31, 2024: HK\$827,735,000)	(6,682)	(4,888)	(11,027)	(8,242)

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

44. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT – *continued*

(b) Financial risk management policies and objectives – *continued*

Credit risk and impairment management – *continued*

Financial assets at amortised costs – continued

Notes: – *continued*

- (3) The Group assessed the loss allowance for amount due from an associate on lifetime ECL for internal credit rating of loss (credit-impaired). In determining the ECL, the Group performs periodic review on the financial position on the associate, its settlement status and other contractual conditions to ensure it is financially viable to settle the amount balance. The Group has applied 100% (December 31, 2024: 100%) of credit loss rate and concluded that adequate impairment loss is made for irrecoverable amount.

The following table shows the movement in ECL that has been recognised for other receivables.

	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
As at December 31, 2024	532	532
Impairment losses reversed	–	–
As at December 31, 2025	532	532

- (4) For the purposes of internal credit risk management, the Group uses repayment history or other relevant information to assess whether credit risk has increased significantly since initial recognition. As at December 31, 2025, the balances of amounts due from related companies are not past due and based on the historical default rates of these balances are considered as low risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

44. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT – *continued*

(b) Financial risk management policies and objectives – *continued*

Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations due to shortage of funds. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of committed credit facilities. As at December 31, 2025, the committed unutilised banking facilities made available to the Group are approximately HK\$220 million (December 31, 2024: HK\$315 million).

The Group manages liquidity risk by maintaining sufficient cash and the availability of adequate banking facilities to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

As disclosed in note 36, the Group has entered into certain reverse factoring arrangements with banks, under which the Group obtained extended credit in respect of the invoice amounts owed to certain materials. This results in the Group being required to settle a larger amount with a single counterparty, rather than smaller amounts with several counterparties. However, the amounts of payables subject to the arrangements are limited.

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities for the Group. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans and trust receipt loans with a repayable on demand clause were included in the earliest time band regardless of the probability of banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

44. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT – continued

(b) Financial risk management policies and objectives – continued

Liquidity risk management – continued

Non-derivative financial liabilities – continued

The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	On demand or less than 3 months HK\$'000	3 months to 1 year HK\$'000	1 to 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At December 31, 2025						
Trade payables	-	222,383	-	-	222,383	222,383
Other payables	-	16,971	-	-	16,971	16,971
Amounts due to related companies	-	4,360	-	-	4,360	4,360
Trust receipt loans						
– fixed interest rates	6.39	42,820	32,133	-	74,953	74,953
Bank borrowings						
– variable interest rates	4.18	62,597	-	-	62,597	62,597
– fixed interest rate	3.14	147,530	250,398	-	397,928	397,928
Lease liabilities	6-6.50	446	998	654	2,098	1,840
Loans from the ultimate holding company	4.80	-	49,601	-	49,601	49,601
		497,107	333,130	654	830,891	830,633

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

44. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT – continued

(b) Financial risk management policies and objectives – continued

Liquidity risk management – continued

Non-derivative financial liabilities – continued

	Weighted average effective interest rate %	On demand or less than 3 months HK\$'000	3 months to 1 year HK\$'000	1 to 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At December 31, 2024						
Trade payables	-	322,998	-	-	322,998	322,998
Other payables	-	16,566	-	-	16,566	16,566
Trust receipt loans						
– fixed interest rates	6.95	129,855	10,189	-	140,044	140,044
Bank borrowings						
– variable interest rates	5.62	655	-	-	655	655
– fixed interest rate	3.78	164,869	151,381	-	316,250	316,250
Lease liabilities	2.98 – 6.5	502	1,659	871	3,032	2,892
Loans from the ultimate holding company	6.80	-	163,180	-	163,180	163,180
		635,445	326,409	871	962,725	962,585

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

44. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT – *continued*

(b) Financial risk management policies and objectives – *continued*

Liquidity risk management – *continued*

Non-derivative financial liabilities – continued

As at December 31, 2025, the Group has bank borrowings and trust receipt loans with a repayable on demand clause of HK\$512,891,000 (December 31, 2024: HK\$439,146,000). Taking into account the Group's financial position, the management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. Management believes that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreement. At that time, the aggregate principal and interest cash outflow will amount to HK\$525,035,000 (December 31, 2024: HK\$444,241,000).

Maturity analysis – Bank borrowings and trust receipt loans with a repayable on demand clause based on scheduled repayment

	Less than 3 months	3 months to 1 year	Total undiscounted cash flow	Carrying amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
December 31, 2025	277,395	247,640	525,035	512,891
December 31, 2024	288,020	156,221	444,241	439,146

Interest rate benchmark reform

The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators.

HIBOR

While the Hong Kong Dollar Overnight Index Average ("HONIA") has been identified as an alternative to HIBOR, there is no plan to discontinue HIBOR. The multi-rate approach has been adopted in Hong Kong, whereby HIBOR and HONIA will co-exist. The Group's bank borrowings linked to HIBOR will continue till maturity and hence, not subject to transition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

44. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT – continued

(c) Fair value measurements of financial instruments

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

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.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed below.

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.

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
	December 31, 2025	December 31, 2024				
Financial assets measured at FVTOCI (see Note 22)	Assets – HK\$12,398,000 Liabilities – nil	Assets – HK\$8,639,000 Liabilities – nil	Level 3	Recent transaction	N/A	N/A

There were no transfers between the different levels of the fair value hierarchy for the year/period.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

44. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT – *continued*

(d) Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group is required to comply with bank covenants in loan agreements with banks. The Group monitors capital using a Debt-to-asset ratio, which is total liabilities divided by total assets. The Debt-to-asset ratio as at the end of the reporting periods were as follows:

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Total liabilities	852,175	996,203
Total assets	1,359,599	1,414,475
Debt-to-Asset Ratio	63%	70%

The management reviews the capital structure on an ongoing basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on the recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged throughout the year/period.

(e) Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

During the nine months ended December 31, 2024, the Group has entered certain derivative transactions that are covered by the International Swaps and Derivatives Association Master Agreements ("ISDA Agreements") signed with various banks. These derivative instruments are not offset in the consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognised amounts.

No further disclosure on the netting arrangement is presented as the financial impact is insignificant.

All derivatives are settled as at December 31, 2024. The Group has not entered into any derivative transactions during the year ended December 31, 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

45. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Loans from the ultimate holding company	Interest payables	Lease liabilities	Trust receipt loans	Bank borrowings	Total
	HK\$'000 (Note 29)	HK\$'000 (Note 32)	HK\$'000 (Note 34)	HK\$'000 (Note 35)	HK\$'000 (Note 36)	HK\$'000
At April 1, 2024	–	1,879	3,994	268,246	297,210	571,329
Financing cash flows	165,435	–	(2,065)	(127,716)	103,560	139,214
Interest expense	2,449	24,349	126	–	–	26,924
Exchange difference	(3,463)	–	(30)	(486)	(4,714)	(8,693)
New leases entered	–	–	596	–	–	596
Modification of leases	–	–	271	–	–	271
Non-cash items	–	–	–	–	(79,151)	(79,151)
Interest paid	(1,241)	(25,296)	–	–	–	(26,537)
At December 31, 2024	163,180	932	2,892	140,044	316,905	623,953
Financing cash flows	(114,777)	–	(2,456)	(302,449)	221,823	(197,859)
Interest expense	7,388	20,306	193	–	–	27,887
Exchange difference	1,440	–	(80)	158	7,611	9,129
New leases entered	–	–	3,829	–	–	3,829
Modification of leases	–	–	646	–	–	646
Non-cash items	–	–	(3,184)	237,200	(85,814)	148,202
Interest paid	(7,630)	(20,278)	–	–	–	(27,908)
At December 31, 2025	49,601	960	1,840	74,953	460,525	587,879

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

46. MAJOR NON-CASH TRANSACTIONS

During the year ended December 31, 2025, the Group entered into new lease agreements for the use of various offices for 1 year to 5 years, modified lease agreements for the use of various offices for 2 years.

On the lease commencement, the Group recognised right-of-use assets amounting to HK\$3,829,000 (Nine months ended December 31, 2024: HK\$596,000) and lease liabilities amounting to HK\$3,829,000 (Nine months ended December 31, 2024: HK\$596,000).

On the effective date of modification, the Group recognised additions to right-of-use assets amounting to HK\$646,000 (Nine months ended December 31, 2024: HK\$271,000) and additions to lease liabilities amounting to HK\$646,000 (Nine months ended December 31, 2024: HK\$271,000). No gain or loss was recognised in profit or loss on the modification of the lease agreements during the both reporting periods.

During the year ended December 31, 2025, the Group terminated some lease agreements, derecognised right-of-use assets amounting to HK\$3,184,000 and lease liabilities amounting to HK\$3,184,000. During the nine months ended December 31, 2024, the Group did not terminate any lease agreements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

47. LIST OF SUBSIDIARIES

Details of the Group's subsidiaries at December 31, 2025 and December 31, 2024 are as follows:

Name of subsidiaries	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Proportion of ownership and voting power held by the Company				Principal activities
			Directly		Indirectly		
			December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024	
			%	%	%	%	
Cleverway Profits Limited	British Virgin Islands ("BVI")/Hong Kong	US\$7	100	100	-	-	Investment holding
Array Electronics (China) Limited ^{(b), (c)}	Hong Kong/PRC	HK\$2	-	-	100	100	Trading of electronic components
Array Electronics Limited ^{(b), (c)}	Hong Kong	HK\$2	-	-	100	100	Investment holding
Bestime Corporation Limited ^{(b), (c)}	Hong Kong	HK\$2	-	-	100	100	Investment holding
Brightway Transportation Limited ^{(b), (c)}	Hong Kong	HK\$2	-	-	100	100	Provision of transportation services
Elite Vantage Limited ^{(b), (c)}	Hong Kong	HK\$2	-	-	100	100	Trading of electronic components
Full Link Investment Limited ^{(b), (c)}	Hong Kong	HK\$2	-	-	100	100	Investment holding
Joy Port Limited ^{(b), (e)}	Hong Kong	HK\$2	-	-	100	100	Property holding
Kind Faith Limited ^{(b), (c)}	Hong Kong	HK\$2	-	-	100	100	Investment holding
Leader First Limited ^(c)	BVI/Hong Kong	US\$1	-	-	100	100	Investment holding
Pinerise Limited ^(c)	BVI/PRC	US\$1	-	-	100	100	Investment holding
Starling Pacific limited ^(c)	BVI/Hong Kong	US\$1	-	-	100	100	Investment holding
Willas Company Limited ^{(b), (c)}	Hong Kong	HK\$35,001,002	-	-	100	100	Inactive

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

47. LIST OF SUBSIDIARIES – continued

Name of subsidiaries	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Proportion of ownership and voting power held by the Company				Principal activities
			Directly		Indirectly		
			December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024	
			%	%	%	%	
Willas-Array Electronics (Hong Kong) Limited ^{(b), (c)}	Hong Kong	HK\$1,001,002	-	-	100	100	Trading of electronic components
Willas-Array Electronics (Shanghai) Limited ^{(a), (e), (f)}	PRC	US\$7,000,000	-	-	100	100	Trading of electronic components
Willas-Array Electronics (Shenzhen) Limited ^{(b), (d), (f)}	PRC	US\$5,500,000	-	-	100	100	Trading of electronic components
Willas-Array Electronics (Taiwan) Inc. ^{(a), (c)}	Taiwan/PRC	NT\$1,000,000	-	-	100	100	Trading of electronic components
Willas-Array Electronics Management Limited ^{(b), (c)}	Hong Kong	HK\$2	-	-	100	100	Provision of management and consultancy services
Willas-Array Investments Limited ^{(b), (c)}	Hong Kong	HK\$2	-	-	100	100	Investment holding

Notes:

- (a) Audit work will be performed by Shanghai Hddy Certified Public Accountants Co., Ltd. and Whole Time & Co., CPAs in the PRC/Taiwan for statutory financial report purpose
- (b) Audit work will be performed by WM CPA Limited and Shenzhen Virtue Certified Public Accountants (General Partnership) for statutory financial report purpose
- (c) Subsidiaries directly held by Cleverway Profits Limited
- (d) Subsidiary of Full Link Investment Limited
- (e) Subsidiaries directly held by Kind Faith Limited
- (f) Established in the PRC in the form of wholly foreign-owned enterprise
- (g) Subsidiary directly held by Array Electronics Limited
- (h) Subsidiary directly held by Willas-Array Electronics Management Limited

None of the subsidiaries had issued any debt securities at the end of the year/period or at any time during the year/period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

47. LIST OF SUBSIDIARIES – continued

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activities	Place of incorporation/ establishment and operation	Number of wholly owned subsidiaries		Number of non-wholly owned subsidiaries	
		December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Investment holding	BVI/Hong Kong	3	3	-	-
	BVI/PRC	1	1	-	-
	Hong Kong	5	5	-	-
Trading	Hong Kong/PRC	1	1	-	-
	Hong Kong	2	2	-	-
	PRC	2	2	-	-
	Taiwan/PRC	1	1	-	-
Inactive	Hong Kong	1	1	-	-
Other	Hong Kong	3	3	-	-
		19	19	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

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

Statement of financial position of the Company

	December 31, 2025 HK\$'000	December 31, 2024 HK\$'000
Non-current assets		
Amount due from a subsidiary (<i>Note</i>)	33,814	33,814
Interests in subsidiaries	179,478	179,478
Total non-current assets	213,292	213,292
Current assets		
Amounts due from subsidiaries (<i>Note</i>)	233,633	197,917
Deposits and prepayments	261	145
Cash and cash equivalents (<i>Note</i>)	1,556	672
Total current assets	235,450	198,734
Total assets	448,742	412,026
Current liabilities		
Amount due to a subsidiary (<i>Note</i>)	1,667	4,738
Other payables	1,817	1,992
Income tax payable	73	550
Financial guarantee liabilities	-	2,223
Total current liabilities	3,557	9,503
Net current assets	231,893	189,231
Total assets less current liabilities	445,185	402,523
Capital and reserves		
Share capital	102,989	87,692
Reserves	342,196	314,831
Equity attributable to owners of the Company	445,185	402,523
Total liabilities and equity	448,742	412,026

Note: ECL for amounts due from subsidiaries and bank balances are assessed on a 12m ECL basis as these had been no significant increase in credit risk since initial recognition and impairment allowance is considered to be insignificant. No provision for impairment loss has been recognised during the year ended December 31, 2025 and the nine months ended December 31, 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

48. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY – *continued*

Statement of change in equity of the Company

	Share capital HK\$'000	Capital reserves HK\$'000 (Note 39)	Accumulated profits HK\$'000	Total HK\$'000
At April 1, 2024	87,622	199,028	109,798	396,448
Profit for the period, representing total comprehensive income for the period	–	–	5,892	5,892
Transactions with owners, recognised directly in equity:				
Exercise of share options	70	113	–	183
Share options forfeited	–	(503)	503	–
Total	70	(390)	503	183
At December 31, 2024	87,692	198,638	116,193	402,523
Profit for the year, representing total comprehensive income for the year	–	–	1,601	1,601
Transactions with owners, recognised directly in equity:				
Exercise of share options	297	864	–	1,161
Share options forfeited	–	(37)	37	–
Subscription of shares	15,000	24,900	–	39,900
Total	15,297	25,727	37	41,061
At December 31, 2025	102,989	224,365	117,831	445,185

49. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on February 27, 2026.

SHAREHOLDERS' INFORMATION

SHAREHOLDERS' INFORMATION AS AT MARCH 6, 2026

Authorised share capital	: HK\$120,000,000
Issued share capital	: HK\$102,989,049
Number of shares	: 102,989,049
Class of shares	: ordinary shares of HK\$1.00
Voting rights	: one vote per share

Based on the information available to the Company as at March 6, 2026, approximately 25.28% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by Singapore Exchange Securities Trading Limited is complied with.

SHAREHOLDERS' DISTRIBUTION SCHEDULE

Size of Shareholdings	Shareholders		Shares Held	
	Number	Percentage	Number	Percentage
1 – 99	45	9.15%	1,681	0.00%
100 – 1,000	101	20.53%	45,948	0.05%
1,001 – 10,000	222	45.12%	921,250	0.89%
10,001 – 1,000,000	116	23.58%	5,069,868	4.92%
1,000,001 and above	8	1.62%	96,950,302	94.14%
	492	100%	102,989,049	100%

SHAREHOLDERS' INFORMATION

SUBSTANTIAL SHAREHOLDERS

As shown in the Register of Substantial Shareholders

	Name of Shareholders	Number of Shares Held	
		Direct Interest	Deemed Interest
1	Xie Lishu (i)	–	76,955,745
2	Huang Shaoli (ii)	–	76,955,745
3	Texin (HongKong) Electronics Co. Limited	76,955,745	–
4	Kunshan Archer Electronics Co., Ltd (iii)	–	76,955,745
5	Shanghai YCT Electronics Group Co., Ltd (iii)	–	76,955,745

(i) Mr. Xie Lishu

Deemed interest in the shares held by Texin (Hongkong) Electronics Co. Limited which is wholly owned by Kunshan Archer Electronics Co., Ltd, which is in turn wholly owned by Shanghai YCT Electronics Group Co., Ltd, which he is the controlling shareholder.

(ii) Ms. Huang Shaoli

Deemed interest in the shares held by Texin (Hongkong) Electronics Co. Limited which is wholly owned by Kunshan Archer Electronics Co., Ltd, which is in turn wholly owned by Shanghai YCT Electronics Group Co., Ltd, which her husband, Mr. Xie Lishu is the controlling shareholder.

(iii) Kunshan Archer Electronics Co., Ltd, Shanghai YCT Electronics Group Co., Ltd

Deemed interest in the shares held by Texin (Hongkong) Electronics Co. Limited which is wholly owned by Kunshan Archer Electronics Co., Ltd, which is in turn wholly owned by Shanghai YCT Electronics Group Co., Ltd.

SHAREHOLDERS' INFORMATION

TOP TWENTY SHAREHOLDERS AS AT MARCH 6, 2026

S/No.	Name	Shares	
		Number	Percentage
1	TEXIN (HONGKONG) ELECTRONICS CO. LIMITED	35,530,978	34.50%
2	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	26,424,767	25.66%
3	HKSCC NOMINEES LIMITED	21,495,637	20.87%
4	MENG GUOQING	5,000,000	4.85%
5	CHEN WEIHAO	3,750,000	3.64%
6	LAM YEN YONG	1,998,920	1.94%
7	WANG JUNFENG	1,650,000	1.60%
8	GUO PENGYUE	1,100,000	1.07%
9	WU LIJUAN	500,000	0.49%
10	HO SHEEN LING SERENE	268,400	0.26%
11	FSK INVESTMENT HOLDING PTE. LTD.	268,000	0.26%
12	CHIN KHIN SIONG	257,796	0.25%
13	DBS NOMINEES (PRIVATE) LIMITED	222,001	0.22%
14	ONG LAI SOON	211,920	0.21%
15	YAM KOK CHIN	178,000	0.17%
16	CHUA TECK BOON	125,400	0.12%
17	ERH HUAT POH	110,000	0.11%
18	TRACY H. WANG	107,085	0.10%
19	YEO SOO KAY@ YEO SONG NIAN	99,880	0.10%
20	CHEE SIEW MING	94,300	0.09%
		<hr/>	
		99,393,084	96.51%
		<hr/>	



WILLAS-ARRAY

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