

**WILLAS-ARRAY**

**威雅利電子(集團)有限公司**

**WILLAS-ARRAY ELECTRONICS (HOLDINGS) LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Hong Kong stock code: 854)

(Singapore stock code: W12)

**Interim Report 2013**

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# CORPORATE INFORMATION

## DIRECTORS

### *Executive Directors*

Leung Chun Wah (*Chairman*)

Kwok Chan Cheung (*Deputy Chairman and Managing Director*)

Hung Yuk Choy (*Deputy Managing Director*)

Hon Kar Chun

### *Independent Non-executive Directors*

Jovenal R. Santiago

Wong Kwan Seng, Robert

Iu Po Chan, Eugene

## COMPANY SECRETARY

Leung Hon Shing

## AUDIT COMMITTEE

Jovenal R. Santiago (*Chairman*)

Wong Kwan Seng, Robert

Iu Po Chan, Eugene

## REMUNERATION COMMITTEE

Iu Po Chan, Eugene (*Chairman*)

Jovenal R. Santiago

Wong Kwan Seng, Robert

## NOMINATION COMMITTEE

Wong Kwan Seng, Robert (*Chairman*)

Jovenal R. Santiago

Iu Po Chan, Eugene

## COMPLIANCE COMMITTEE

Iu Po Chan, Eugene (*Chairman*)

Jovenal R. Santiago

Wong Kwan Seng, Robert

## **AUTHORISED REPRESENTATIVES**

Hon Kar Chun  
Leung Hon Shing

## **REGISTERED OFFICE**

Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

## **HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

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

## **BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Appleby Management (Bermuda) Limited  
Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

## **SINGAPORE SHARE TRANSFER AGENT**

Intertrust Singapore Corporate Services Pte. Ltd.  
3 Anson Road  
#27-01 Springleaf Tower  
Singapore 079909

## **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Boardroom Share Registrars (HK) Limited  
31/F, 148 Electric Road  
North Point  
Hong Kong

## **AUDITOR**

Deloitte & Touche LLP  
Certified Public Accountants  
6 Shenton Way #32-00  
DBS Building Tower Two  
Singapore 068809

## **COMPLIANCE ADVISER**

Octal Capital Limited  
801-805, 8/F, Nan Fung Tower  
173 Des Voeux Road Central  
Hong Kong

## **COMPANY'S WEBSITE**

[www.willas-array.com](http://www.willas-array.com)

## **STOCK CODE**

Hong Kong: 854  
Singapore: W12

## FINANCIAL HIGHLIGHTS

Willas-Array Electronics (Holdings) Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda on August 3, 2000 and listed on the Singapore Exchange Securities Trading Limited (the “SGX-ST”) on July 2, 2001. The ordinary shares of the Company (“Shares”) were then listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on December 6, 2013 (the “Company’s Listing”).

The board of directors (the “Directors”) of the Company (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended September 30, 2013, together with the relevant comparative figures.

	For the six months ended September 30,		Change %
	2013 HK\$’000 (Unaudited)	2012 HK\$’000 (Unaudited)	
Revenue	1,628,996	1,667,356	-2.3
Gross profit	174,089	161,326	+7.9
Profit before tax	30,450	29,024	+4.9
Profit attributable to shareholders	23,595	22,425	+5.2
Basic earnings per share (HK cents)	6.33	6.02	+5.1

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Revenue

For the six months ended September 30, 2013, the Group's sales revenue amounted to HK\$1,629.0 million, representing a decline of 2.3% from HK\$1,667.4 million for the corresponding period of last year. The decrease was primarily due to the gradual transfer of the Toshiba-related business to GW Electronics Company Limited, which was established in November 2012 and commenced operation in January 2013. Due to an improvement in the Group's stock quality resulting from stabilizing market conditions, and which allowed it to stop offering highly competitive pricing to clear inventories, gross margin increased period-on-period from 9.68% to 10.69%.

### Distribution costs

Distribution costs reached HK\$21.7 million for the six months ended September 30, 2013, up 91.4% from HK\$11.3 million for the same period last year. The increase in distribution costs was mainly attributable to a decline in incentives issued to sales staff as a result of the decline in sales during the last period, compared with normal accrued sales incentive for the same period in 2013.

### Administrative expenses

Administrative expenses stood at HK\$108.5 million as at the reporting period, which is similar to the corresponding period of last year (HK\$109.4 million for the same period in 2012).

### Other losses

Other losses of HK\$0.4 million were reported during the period, which was mainly due to an exchange gain that was offset by an allowance for doubtful trade receivables made. Other losses of HK\$6.0 million were recorded for the same period in 2012, and were mainly attributable to an exchange loss and an allowance for doubtful trade receivables.

## Finance costs

Finance costs reached HK\$7.9 million as at the reporting period, representing a modest increase of HK\$0.3 million or 4.7% from HK\$7.6 million for same period in 2012.

## Listing expenses

Listing expenses of HK\$13.1 million for the six months ended September 30, 2013 refers to the expenses incurred for the dual primary listing exercise on the Stock Exchange. Total amount of listing expenses is expected to be recognized in the full financial year ending March 31, 2014.

## Share of profit of associates

Share of profit of associates of HK\$5.3 million refers to the investment in an associated company named GW Electronics Company Limited in November 2012 to engage in the distribution of Toshiba branded electronic components in the People's Republic of China (the "PRC") and Hong Kong which is 49% and 51% owned respectively by the Company and G.M.I. Technology Inc., a company listed on the Taiwan Stock Exchange.

## LIQUIDITY AND FINANCIAL RESOURCES

### Financial Position

Compared to the year ended March 31, 2013, trust receipt loans and trade payables increased by HK\$202.5 million, which was due to an increase in purchasing activity in the six months ended September 30, 2013. The increase in trade debtors by HK\$98.5 million when compared to year ended March 31, 2013 was due to an increase in sales revenue towards the end of the six months ended September 30, 2013. Debtors turnover days increased slightly from 1.9 months to 2.2 months.

### Inventories

Inventories increased from HK\$353.6 million as at March 31, 2013 to HK\$455.6 million as at September 30, 2013. Inventory turnover days increased from 1.5 months as at March 31, 2013 to a more customary turnover period of 1.9 months.

## Cash Flow

As at September 30, 2013, the Group had a working capital of HK\$332.1 million, which included a cash balance of HK\$380.8 million, compared to a working capital of HK\$337.8 million, which included a cash balance of HK\$390.4 million as at March 31, 2013. The decrease in cash by HK\$9.6 million was attributable to the net effect of cash inflow of HK\$112.9 million from financing activities and cash outflows of HK\$118.6 million in operating activities and HK\$1.6 million in investment activities.

Cash inflow from financing activities was attributable to an increase in trust receipt loans due to a rise in purchasing activities during the period.

Cash outflow in operating activities was mainly attributable to an increase in inventories and trade receivables towards the end of the period under review.

## Borrowing and Banking Facilities

As of September 30, 2013, bank loans of approximately HK\$145.3 million were all unsecured and repayable in quarterly or monthly installments ending in 2015. As of September 30, 2013, bank loans bore interest at a weighted annual effective rate of 2.9% for fixed rate borrowings and 2.76% for variable rate borrowings. As of September 30, 2013, the Group had variable rate borrowings, with interest rates repriced at 1.4% to 2.75% per annum over the respective bank's cost of fund or Hong Kong Interbank Offer Rate.

As of September 30, 2013, trust receipt loans were unsecured, repayable within one year and bore effective interest rates of 1.8% to 2.76% per annum. As of September 30, 2013, the Group had unutilized banking facilities of approximately HK\$615.9 million.

## Foreign Exchange Risk Management

The Group incurs foreign currency risk mainly on sales and purchases that are denominated in currencies other than its functional currencies. The Group is mainly exposed to fluctuations in the United States dollar and the Japanese yen against the Hong Kong dollar. However, as the Hong Kong dollar is pegged to the United States dollar, the exposure of entities that use Hong Kong dollars as their respective functional currency to the fluctuations in the United States dollar is minimal. The major foreign currency giving rise to foreign exchange risk is the Japanese yen. The Group has a foreign currency hedging policy to monitor and maintain its foreign exchange exposure at an acceptable level.

## Gearing Ratio

The gearing ratios as of March 31, 2013 and September 30, 2013 were approximately 109.8% and 135.1%, respectively. Gearing ratio is derived by dividing total debt (represents interest-bearing bank loans, trust receipt loans and bills payables) by shareholders' equity at the end of a given period. The increase was primarily due to a rise in total borrowings, which climbed from HK\$602.1 million to HK\$746.8 million, and included an increase in bills payables by HK\$9.0 million and trust receipt loans by HK\$158.7 million. The increase of trust receipt loans and bills payables was primarily due to increase purchases from the Group's principal suppliers during the first few months of each financial year as a result of the resumption in customer orders after the Chinese New Year and the stock up of inventory by the Group to prepare for demand in the following quarter with reference to customers' forecast needs.

## Contingent Liabilities

As of September 30, 2013, the Company had given corporate guarantees (unsecured) of approximately HK\$137.4 million to its banks in respect of banking facilities granted to its associates including GW Electronics Company Limited of which approximately HK\$30.4 million was utilized.

As of September 30, 2013, the Company had given unlimited corporate guarantees (unsecured) to its banks in respect of banking facilities granted to its subsidiaries including Array Electronics (China) Limited, Valence Semiconductor Design Limited and Willas-Array Electronics (Hong Kong) Limited. The aggregate banking facilities granted to the subsidiaries were approximately HK\$1,324.8 million of which approximately HK\$749.5 million was utilized and guaranteed by the Company.

As of September 30, 2013, the Company also gave unlimited guarantees to certain suppliers in relation to the settlement of the respective payables of its wholly-owned subsidiaries including Willas-Array Electronics (Hong Kong) Limited. The aggregate amounts payable to these suppliers under guarantee were approximately HK\$197.1 million.

## STRATEGY AND PROSPECTS

Looking ahead, the Group expects the macro-economic environment to remain challenging. The US economic recovery is expected to continue, but is likely to remain slow. Without an immediate solution for Europe's sovereign debt crisis, the Group expects the economic uncertainties in Europe to continue. Volatility in raw material prices, foreign currency fluctuations, rising staff cost and inflation in China will have adverse effects on the economic recovery.

The Group will continue to be prudent in managing its operations while mindful of maintaining a healthy liquidity position.

## INTERIM DIVIDEND

The Board has resolved to not declare any interim dividend for the six months ended September 30, 2013.

## DUAL LISTING ON THE STOCK EXCHANGE

On December 6, 2013, the Shares commenced trading on the Main Board of The Stock Exchange of Hong Kong Limited. The Directors consider it desirable and beneficial for the Company to have a dual primary listing status with shares traded in both Hong Kong and Singapore given that the two stock markets attract different investors. The dual primary listing will also provide the Company with ready access to two different equity markets and any opportunities that may arise, as well as the potential for increasing its investor base. Further, listing on the Hong Kong exchange can enhance the profile of the Company in Hong Kong and the PRC, facilitate investment by Hong Kong investors, enable the Company to gain access to Hong Kong's capital markets and enhance the Company's exposure to a wide range of private and institutional investors. The Directors consider all of the aforesaid factors are important for spurring future growth and long-term development of the Group, given that its operations are mainly located in Hong Kong and the PRC.

## EMPLOYEES AND REMUNERATION POLICIES

As at September 30, 2013, the Group had a workforce of 543 full-time employees, of which approximately 40.9% worked in Hong Kong, 54.7% in the PRC, and the remaining in Taiwan.

The Group actively pursues a strategy of recruiting, developing and retaining talented employees by (i) providing them with regular training programs to ensure that they are kept abreast of the latest information pertaining to products distributed by the Group, technological developments and market conditions of the electronics industry; (ii) aligning employees' compensation and incentives with their performance; and (iii) providing them with a clear career path with opportunities for taking on additional responsibilities and securing promotions.

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 applicable PRC laws and regulations.

## DISCLOSURE OF INTERESTS

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

Since the Shares were only listed on the Stock Exchange on December 6, 2013, no disclosure of interests or short positions of any directors and/or chief executives of the Company in any Shares, underlying Shares or debentures of the Company or any of 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”)) were made to the Company under the provisions of Divisions 7 and 8 of Part XV of the SFO as at September 30, 2013.

Upon the Company’s Listing on December 6, 2013, without taking into account the Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme (as defined below), the interests or short positions of Directors or chief executives 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 SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) were as follows :

(i) Interests in the Shares

Name of Directors	Capacity/ Nature of Interest	Long/Short Position	Number of Shares	Approximate percentage of shareholding in the Company (%)
Leung Chun Wah <sup>(1)</sup>	Interest of spouse	Long	3,659,700	0.98
	Beneficiary of a trust	Long	90,499,154	24.28
Kwok Chan Cheung <sup>(2)</sup>	Interest in a controlled corporation	Long	39,477,771	10.59
Hung Yuk Choy	Beneficial owner	Long	25,801,194	6.92
Hon Kar Chun	Beneficial owner	Long	54,000	0.01

*Notes:*

- (1) Leung Chun Wah, being a director of the Company, is deemed interested in the 3,659,700 Shares held by his spouse, Cheng Wai Yin, Susana. He and his family members are the ultimate beneficiaries of a discretionary trust of which HSBC International Trustee Limited is the trustee. The 90,499,154 Shares are held by Max Power Assets Limited (“Max Power”), with HSBC (Singapore) Nominees Pte Limited as its nominee. The entire issued share capital of Max Power is held by HSBC International Trustee Limited in its capacity as trustee of the discretionary trust. The trustee is required to obtain the consent of Leung Chun Wah in any disposal and acquisition of Shares by Max Power except under certain exceptional conditions as stipulated in the trust deed.
- (2) Global Success International Limited (“Global Success”), which is wholly-owned by Kwok Chan Cheung, being a director of the Company, is the beneficial owner of 39,477,771 Shares. By virtue of the SFO, Kwok Chan Cheung is deemed to be interested in all of the Shares held by Global Success.

(ii) Interests in equity derivatives (including shares option and warrants) of the Company or associated corporations of the Company

Name of Director	Name of Group member/ Associated corporation	Capacity/ Nature of interest	Number of equity derivatives	Number of underlying Shares	Approximate percentage of shareholding in the Company (%)
Hon Kar Chun	Company	Beneficial owner/ Share Options	2,010,000	2,010,000	0.54

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

Since the Shares were only listed on the Stock Exchange on December 6, 2013, no disclosure of interests or short positions in any Shares or underlying Shares were made to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as at September 30, 2013.

Upon the Company's Listing on December 6, 2013, so far as the Directors are aware, without taking into account the Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme (as defined below), the following persons and corporations (other than a Director or the chief executive of the Company), who had interests or short positions in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Name of Shareholders	Capacity/ Nature of Interest	Long/Short Position	Number of Shares	Approximate percentage of shareholding in the Company (%)
Cheng Wai Yin,	Beneficial owner	Long	3,659,700	0.98
Susana <sup>(1)</sup>	Interest of spouse	Long	90,499,154	24.28
Max Power <sup>(2)</sup>	Beneficial owner	Long	90,499,154	24.28
HSBC International Trustee Limited <sup>(2)</sup>	Trustee	Long	90,499,154	24.28
Global Success <sup>(3)</sup>	Beneficial owner	Long	39,477,771	10.59

Notes:

- (1) Cheng Wai Yin, Susana, the spouse of Leung Chun Wah, is deemed under the SFO to be interested in the Shares held by Leung Chun Wah, being a director of the Company. The 90,499,154 Shares are held by Max Power, with HSBC (Singapore) Nominees Pte Limited as its nominee. The entire issued share capital of Max Power is held by HSBC International Trustee Limited in its capacity as trustee of the discretionary trust. By virtue of the SFO, HSBC International Trustee Limited is deemed to be interested in all of the Shares held by Max Power. Leung Chun Wah, being a director of the Company, and his family members are the ultimate beneficiaries of the discretionary trust. The trustee is required to obtain the consent of Leung Chun Wah in any disposal and acquisition of Shares by Max Power except under certain exceptional conditions as stipulated in the trust deed.
- (2) The 90,499,154 Shares are held by Max Power, with HSBC (Singapore) Nominees Pte Limited as its nominee. The entire issued share capital of Max Power is held by HSBC International Trustee Limited in its capacity as trustee of the discretionary trust. By virtue of the SFO, HSBC International Trustee Limited is deemed to be interested in all of the Shares held by Max Power. Leung Chun Wah and his family members are the ultimate beneficiaries of the discretionary trust. The trustee is required to obtain the consent of Leung Chun Wah in any disposal and acquisition of Shares by Max Power except under certain exceptional conditions as stipulated in the trust deed.
- (3) Global Success, which is wholly-owned by Kwok Chan Cheung, being a director of the Company, is the beneficial owner of 39,477,771 Shares. By virtue of the SFO, Kwok Chan Cheung is deemed to be interested in all of the Shares held by Global Success.

Save as disclosed above, the Directors are not aware of any 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 which were required to be entered in the register kept by the Company under the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote all circumstances at general meetings of any member of the Group as at December 6, 2013.

## SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme III (the “Share Option Scheme III”) for the purpose to retain and motivate staff whose contributions are essential to the well-being and prosperity of the Group and to give recognition to outstanding employees and executive directors of the Group who have contributed to the growth of the Group with an opportunity to obtain an equity interest in the Company, thus linking their interest with the interest of the Group and thereby providing them with an incentive to work better for the interest of the Group.

The Directors are authorised to offer and grant share options to subscribe for the Shares and to allot, issue and deal with the Shares pursuant to the exercise of options granted under the Share Option Scheme III and to take all such steps as may be necessary and/or desirable to implement and give effect to the Share Option Scheme III.

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme III must not in aggregate exceed 10% of the total number of Shares in issue as of passing of the relevant resolution (the total number of ordinary shares shall exclude any Shares that may be held as treasury shares by the Company from time to time), i.e. must not in aggregate exceed 37,272,000 Shares. Details of the Share Option Scheme III are set forth in the listing document of the Company dated November 29, 2013.

From the date on which the Share Option Scheme III became effective and unconditional and up to the date of this report, no share options were granted, exercised or lapsed under the Share Option Scheme III.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICE

Pursuant to a resolution passed by the Board on November 14, 2013, the Company has adopted all the requirements of the code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the “Corporate Governance Code”). Since the Shares were only listed on the Stock Exchange on December 6, 2013, the Corporate Governance Code was not applicable to the Company for the six months ended September 30, 2013.

However, none of the Directors is aware of any information that would reasonably indicate that the Company or any of its Directors is not or was not, for any part of the period between the date of the Company’s Listing and the date of this report in due compliance with the code provisions of the Corporate Governance Code.

### CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors. Since the Shares were only listed on the Stock Exchange on December 6, 2013, the Model Code was not applicable to the Company for the six months ended September 30, 2013. However, having made specific enquiry of all Directors, all Directors confirmed that all dealings in the Company’s securities were disclosed in the Listing Document and they have complied with the required standard set out in the Model Code since the Company’s Listing.

## AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the code provisions of the Corporate Governance Code and the listing manual of the SGX-ST. The primary duties of the audit committee are to review, with the Company's external auditors, the audit plan and their audit report; review, with the Company's internal auditors, the scope and results of the internal audit procedures and their evaluation of the Group's overall internal control system; review the Group's financial results and assistance given by the management to external and internal auditors; review significant findings of internal investigations and interested person transactions; and consider the appointment or re-appointment of external auditors.

The audit committee comprises all the three independent non-executive directors, namely, Jovenal R. Santiago, Wong Kwan Seng, Robert and Iu Po Chan, Eugene. Jovenal R. Santiago is the chairman of the audit committee. The Group's unaudited interim results and the interim report for the six months ended September 30, 2013 have been reviewed by the audit committee, which was of the opinion that the preparation of such results and report complied with the applicable accounting standards and requirements and that adequate disclosures have been made. The audit committee recommended the Board to adopt the same.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Since the Shares were only listed on the Stock Exchange on December 6, 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the six months ended September 30, 2013.

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**Deloitte.**  
**德勤**

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香港金鐘道88號  
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Deloitte Touche Tohmatsu  
35/F One Pacific Place  
88 Queensway  
Hong Kong

TO THE BOARD OF DIRECTORS OF  
WILLAS-ARRAY ELECTRONICS (HOLDINGS) LIMITED

## Introduction

We have reviewed the unaudited interim condensed consolidated financial statements of Willas-Array Electronics (Holdings) Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 21 to 46, which comprise the condensed consolidated statement of financial position as of September 30, 2013 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements of the Group in accordance with the International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2400 “Engagements to Review Financial Statements” issued by Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

November 29, 2013

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
 COMPREHENSIVE INCOME  
 FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2013

		For the six months ended September 30,	
	NOTES	2013	2012
		HK\$' 000	HK\$' 000
		(Unaudited)	(Unaudited)
Revenue	4	1,628,996	1,667,356
Cost of sales		<u>(1,454,907)</u>	<u>(1,506,030)</u>
Gross profit		174,089	161,326
Other operating income		2,129	2,034
Distribution costs		(21,666)	(11,321)
Administrative expenses		(108,537)	(109,405)
Listing expenses		(13,108)	—
Share of profit of associates		5,285	—
Amortisation of financial guarantee liabilities	18	597	—
Other gains and losses		(403)	(6,027)
Finance costs		<u>(7,936)</u>	<u>(7,583)</u>
Profit before tax	5	30,450	29,024
Income tax expense	8	<u>(9,044)</u>	<u>(7,284)</u>
Profit for the period		<u>21,406</u>	<u>21,740</u>
Other comprehensive income (expense) for the period:			
<i>Items that maybe reclassified subsequently to profit/loss:</i>			
Exchange differences on translation of overseas operations		<u>3,855</u>	<u>(2,256)</u>
Total comprehensive income for the period		<u><u>25,261</u></u>	<u><u>19,484</u></u>

		For the six months ended September 30,	
NOTES	2013	2012	
	HK\$' 000	HK\$' 000	
	(Unaudited)	(Unaudited)	
Profit for the period attributable to:			
Owners of the Company	23,595	22,425	
Non-controlling interests	(2,189)	(685)	
	<u>21,406</u>	<u>21,740</u>	
Total comprehensive income for the period attributable to:			
Owners of the Company	27,443	20,169	
Non-controlling interests	(2,182)	(685)	
	<u>25,261</u>	<u>19,484</u>	
Earnings per share	17		
– Basic (HK cents)	<u>6.33</u>	<u>6.02</u>	
– Diluted (HK cents)	<u>6.23</u>	<u>5.93</u>	

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT SEPTEMBER 30, 2013

	NOTES	As at September 30, 2013 HK\$' 000 (Unaudited)	As at March 31, 2013 HK\$' 000 (Audited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		380,838	390,395
Restricted bank deposits		7,296	7,161
Trade and bills receivables	9	601,608	503,125
Other receivables and prepayments		10,467	11,318
Prepaid lease payments - current		12	12
Income tax recoverable		—	62
Derivative financial instruments	3	—	136
Inventories		455,593	353,561
		<hr/>	<hr/>
Total current assets		1,455,814	1,265,770
<b>Non-current assets</b>			
Prepaid lease payments - non-current		612	619
Property, plant and equipment	10	160,494	162,278
Long-term deposits		1,603	1,683
Available-for-sale investments		2,001	2,001
Interests in associates		56,120	49,809
Deferred tax assets	14	1,812	259
		<hr/>	<hr/>
Total non-current assets		222,642	216,649
		<hr/>	<hr/>
Total assets		<u>1,678,456</u>	<u>1,482,419</u>

	NOTES	As at September 30, 2013 HK\$' 000 (Unaudited)	As at March 31, 2013 HK\$' 000 (Audited)
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trust receipt loans	11	580,209	421,473
Trade and bills payables	12	339,117	295,400
Other payables	12	46,284	38,226
Income tax payable		10,766	4,548
Derivative financial instruments	3	1,655	—
Financial guarantee liabilities	18	353	—
Bank borrowings	13	145,300	168,300
Total current liabilities		<u>1,123,684</u>	<u>927,947</u>
<b>Non-current liabilities</b>			
Derivative financial instruments	3	—	2,389
Deferred tax liabilities	14	2,894	2,611
Total non-current liabilities		<u>2,894</u>	<u>5,000</u>
<b>Capital, reserves and non-controlling interests</b>			
Issued capital	15	74,544	74,544
Capital reserves		195,777	196,500
Other reserves		282,488	277,177
Equity attributable to owners of the Company		552,809	548,221
Non-controlling interests		(931)	1,251
Total equity		<u>551,878</u>	<u>549,472</u>
Total liabilities and equity		<u>1,678,456</u>	<u>1,482,419</u>
Net current assets		<u>332,130</u>	<u>337,823</u>
Total assets less current liabilities		<u>554,772</u>	<u>554,472</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED SEPTEMBER 30, 2013**

	Issued capital HK\$' 000	Capital reserves HK\$' 000	Statutory reserve HK\$' 000 (note)	Currency translation reserve HK\$' 000	Accumulated profits HK\$' 000	Attributable to owners of the Company HK\$' 000	Non- controlling interests HK\$' 000	Total HK\$' 000
At April 1, 2012 (Audited)	74,544	196,722	13,380	17,890	229,726	532,262	5,787	538,049
Profit for the period	—	—	—	—	22,425	22,425	(685)	21,740
Other comprehensive income for the period, net of income tax	—	—	—	(2,256)	—	(2,256)	—	(2,256)
Total comprehensive income for the period	—	—	—	(2,256)	22,425	20,169	(685)	19,484
Share options cancelled	—	(64)	—	—	64	—	—	—
Dividend paid	—	—	—	—	(29,499)	(29,499)	—	(29,499)
At September 30, 2012 (Unaudited)	<u>74,544</u>	<u>196,658</u>	<u>13,380</u>	<u>15,634</u>	<u>222,716</u>	<u>522,932</u>	<u>5,102</u>	<u>528,034</u>
At April 1, 2013 (Audited)	74,544	196,500	14,135	17,510	245,532	548,221	1,251	549,472
Profit for the period	—	—	—	—	23,595	23,595	(2,189)	21,406
Other comprehensive income for the period, net of income tax	—	—	—	3,848	—	3,848	7	3,855
Total comprehensive income for the period	—	—	—	3,848	23,595	27,443	(2,182)	25,261
Share options cancelled	—	(723)	—	—	723	—	—	—
Dividend paid	—	—	—	—	(22,855)	(22,855)	—	(22,855)
Transfer to statutory reserve	—	—	853	—	(853)	—	—	—
At September 30, 2013 (Unaudited)	<u>74,544</u>	<u>195,777</u>	<u>14,988</u>	<u>21,358</u>	<u>246,142</u>	<u>552,809</u>	<u>(931)</u>	<u>551,878</u>

**Note:** The statutory reserve is non-distributable and was appropriated from the profit after tax of the Company's subsidiaries in the People Republic of China (the "PRC") and Taiwan under the laws and regulations of the PRC and Taiwan.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2013

	For the six months ended September 30,	
	2013	2012
	HK\$' 000	HK\$' 000
	(Unaudited)	(Unaudited)
<b>Operating activities:</b>		
Profit before tax	30,450	29,024
Adjustments for:		
Depreciation expense	5,835	6,164
Amortisation of prepaid lease payments	6	6
Interest expense	7,936	7,583
(Reversal of) allowance for inventories	(4,318)	3,810
Allowance for doubtful trade receivables	6,559	2,871
Gain on disposal of property, plant and equipment	—	(1)
Net gain on fair value changes of derivative financial instruments	(598)	(836)
Share of profit of associates	(5,285)	—
Amortisation of financial guarantee liabilities	(597)	—
Interest income	(774)	(1,660)
	<hr/>	<hr/>
Operating cash flows before movements in working capital	39,214	46,961
Increase in trade and bills receivables	(101,861)	(74,434)
Decrease (increase) in other receivables and prepayments	875	(247)
Increase in inventories	(96,804)	(74,222)
Increase in trade and bills payables	43,220	1,959
Increase in other payables	7,469	3,138
Decrease (increase) in long-term deposits	83	(376)
	<hr/>	<hr/>

	For the six months ended September 30,	
	2013	2012
	HK\$' 000	HK\$' 000
	(Unaudited)	(Unaudited)
Cash used in operations	(107,804)	(97,221)
Income tax paid	(4,039)	(2,584)
Interest paid	(7,513)	(7,583)
Interest received	774	1,660
Net cash used in operating activities	<u>(118,582)</u>	<u>(105,728)</u>
<b>Investing activities:</b>		
Purchase of property, plant and equipment	(1,450)	(1,446)
Placement of restricted bank deposits	(135)	—
Withdrawal of restricted bank deposits	—	20,183
Proceeds from disposal of property, plant and equipment	—	1
Net cash (used in) from investing activities	<u>(1,585)</u>	<u>18,738</u>
<b>Financing activities:</b>		
Dividend paid to shareholders	(22,855)	(29,499)
Repayment of trust receipt loans	(755,673)	(623,513)
Proceeds from trust receipt loans	914,409	888,717
Repayment of bank borrowings	(73,000)	(74,299)
Proceeds from bank borrowings	50,000	24,416
Net cash from financing activities	<u>112,881</u>	<u>185,822</u>
Net (decrease) increase in cash and cash equivalents	(7,286)	98,832
Cash and cash equivalents at beginning of the period	390,395	333,258
Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>(2,271)</u>	<u>808</u>
Cash and cash equivalents at end of the period	<u><u>380,838</u></u>	<u><u>432,898</u></u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2013

### 1. BASIS OF PREPARATION

The Company was incorporated in Bermuda on August 3, 2000 as an exempted company with limited liability under the Companies Act 1981 of Bermuda with its registered office at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. Its principal place of business is at 24/F, Wylar Centre, Phase 2, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong. The Company is listed on the mainboard of the Singapore Exchange Securities Trading Limited. The condensed consolidated financial statements are presented in Hong Kong dollars which is also the functional currency of the Company.

The principal activity of the Company is that of investment holding and the Group is engaged in trading of electronic components.

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*.

### 2. PRINCIPAL ACCOUNTING POLICIES

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

The International Accounting Standards Board has issued a number of new and revised Standards, Amendments and Interpretation ("new or revised IFRSs"). For those new and revised IFRSs which are effective for accounting periods beginning on April 1, 2013, the adoption has no significant impact on the Group's results and financial position.

There are new and revised IFRSs that have been issued but are not yet effective, details of which and the assessment of their impacts have been disclosed in note 2 to the section A of the accountants' report on the financial information regarding the Group for each of the years ended March 2011, 2012 and 2013 and the four months ended July 31, 2013 (the "Historical Financial Information") as set out in Appendix I to the Listing Document dated November 29, 2013.

## Significant accounting policies

The accounting policies adopted in the preparation of these condensed consolidated financial statements are the same as those followed in the preparation of the Group's financial statements for each of the years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013 underlying the Historical Financial Information as mentioned above.

The Group has not early adopted any new and revised IFRSs that was issued but not effective.

### 3. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

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

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
	09.30.2013	03.31.2013				
(1) Foreign currency forward contracts	Liabilities — HK\$74,000	Assets — HK\$136,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
(2) Interest rate swaps	Liabilities — HK\$1,581,000	Liabilities — HK\$2,389,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A

The directors consider that the carrying amount of financial assets and liabilities recognized in the condensed consolidated financial statements at amortised cost approximate their fair values.

## Fair value measurements and valuation process

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation or uses quoted forward exchange rates and yield curves derived from quoted exchange rates or interest rates matching maturities of the contracts at the end of the reporting period. The finance department of the Company works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed above.

## 4. SEGMENT INFORMATION

Information reported to the Group's chief operating decision maker ("CODM") for the purposes of resource allocation and assessment of segment performance, are principally categorised into two key operating segments, (1) trading of electronic components and (2) trading and designing integrated circuits, in which for trading of electronic components segment, it will further be disaggregated by geographical locations for CODM review.

The Group's reportable segments are as follows:

### (a) Trading of electronic components

- Southern China Region
- Northern China Region
- Taiwan

### (b) Trading and designing integrated circuits

For the six months ended September 30, 2013 (Unaudited)

	Trading of electronic components				Trading and designing		Total
	Southern		Taiwan	Sub-total	integrated	Elimination	
	China	Northern					
	Region	China Region	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Revenue							
Sales - external	1,006,292	578,285	35,524	1,620,101	8,895	—	1,628,996
Sales - inter-company	194,532	121,966	7,621	324,119	18,136	(342,255)	—
Net sales	1,200,824	700,251	43,145	1,944,220	27,031	(342,255)	1,628,996
Cost of sales	1,108,264	633,868	38,106	1,780,238	19,044	(344,375)	1,454,907
Gross profit	92,560	66,383	5,039	163,982	7,987	2,120	174,089
Segment result	18,526	28,492	(604)	46,414	(7,582)	2,120	40,952
Unallocated other revenue							1,090
Unallocated corporate expenses							(3,769)
Listing expenses							(13,108)
Share of profit of associates							5,285
Profit before tax							30,450
Income tax expense							(9,044)
Profit for the period							21,406
Non-controlling interests							2,189
Profit attributable to owners of the Company							23,595

For the six months ended September 30, 2012 (Unaudited)

	Trading of electronic components				Trading and designing		Total
	Southern		Taiwan	Sub-total	integrated	Elimination	
	China	Northern					
	Region	China Region	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Revenue							
Sales - external	1,067,795	543,539	42,374	1,653,708	13,648	—	1,667,356
Sales - inter-company	207,960	115,936	18,753	342,649	19,154	(361,803)	—
Net sales	1,275,755	659,475	61,127	1,996,357	32,802	(361,803)	1,667,356
Cost of sales	1,176,909	616,682	55,857	1,849,448	17,068	(360,486)	1,506,030
Gross profit	98,846	42,793	5,270	146,909	15,734	(1,317)	161,326
Segment result	29,093	4,296	1,165	34,554	(1,699)	(1,317)	31,538
Unallocated other revenue							60
Unallocated corporate expenses							(2,574)
Profit before tax							29,024
Income tax expense							(7,284)
Profit for the period							21,740
Non-controlling interests							685
Profit attributable to owners of the Company							22,425

Segment profit (loss) represents the profit earned by or loss from each segment without allocation of central administrative expenses, other revenue, listing expenses and share of profit of associates. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Total assets and liabilities for a reportable segment are not presented in the condensed consolidated financial statement, as the information is not regularly provided to the CODM since the CODM is of the opinion that the presentation of assets and liabilities in accordance with the reportable segments is not meaningful as the management can monitor the Group's assets and liabilities in one pool which is more efficient and effective. Accordingly, the Group has not included total asset and liabilities information as part of segment information.

## 5. PROFIT BEFORE TAX

Profit before tax has been arrived at or after charging (crediting):

	For the six months ended September 30,	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Directors' fees:		
Directors of the Company	555	530
Directors of the subsidiaries	9	7
Directors' remuneration: (note i)		
Directors of the Company	6,038	6,013
Directors of the subsidiaries	658	794
Audit fees paid to auditors	1,252	1,165
Non-audit fees paid to auditors		
Auditors of the Company	—	—
Other auditors	126	126
Staff costs (excluding directors' remuneration) (note i)	68,426	60,582
Amortisation of prepaid lease payment	6	6
Cost of inventories recognised as expenses	1,454,907	1,506,030
Depreciation of property, plant and equipment	5,835	6,164
Gain on disposal of property, plant and equipment	—	(1)
Allowance for doubtful trade receivables	6,559	2,871
Interest income	(774)	(1,660)
(Reversal of) allowance for inventories (note ii)	(4,318)	3,810
	<u>          </u>	<u>          </u>

*Notes:*

- (i) During the six months ended September 30, 2012 and 2013, there are cost of defined contribution plans amounting to HK\$7,318,000 and HK\$7,885,000, respectively, included in staff costs and directors' remuneration.
- (ii) During the six months ended September 30, 2013, there is a reversal of allowance for inventories of approximately HK\$4,318,000 recognised because of subsequent return of the relevant inventories.

## 6. RELATED COMPANY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related companies of the Company, have been eliminated on consolidation and are not disclosed in this note.

During the period, the Group entered into the following transactions with associates:

	For the six months ended September 30,	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Sales of electronics components	1,903	—
Other income	422	—
Commission paid	607	—
Purchases of electronics components	<u>43,947</u>	<u>—</u>

At the end of the period, the Group has the following balances with related parties:

	As at September 30, 2013 <i>HK\$'000</i> <i>(Unaudited)</i>	As at March 31, 2013 <i>HK\$'000</i> <i>(Audited)</i>
<b>Associates</b>		
– trade receivables aged less than 60 days	138	—
– trade payables aged less than 30 days	(7,497)	(10,816)
– other receivables (note i)	<u>1</u>	<u>336</u>

*Note:*

(i) Amounts are unsecured, interest-free and repayable on demand.

At September 30, 2013, the Company had given corporate guarantees (unsecured) of approximately HK\$137,411,000 (March 31, 2013: HK\$78,645,000) to its banks in respect of banking facilities granted to the associates. The associates utilised HK\$30,435,000 (March 31, 2013: HK\$ nil) banking facilities at the end of the reporting period.

No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

## 7. OTHER RELATED PARTY TRANSACTIONS

### Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the periods were as follows:

	For the six months ended	
	September 30,	
	2013	2012
	<i>HK\$' 000</i>	<i>HK\$' 000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Short-term benefits	10,147	9,442
Post-employment benefits	465	487
Other long-term benefits	1,119	1,141
	<u>11,731</u>	<u>11,070</u>

The remuneration of directors and key management is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

## 8. INCOME TAX EXPENSE

	For the six months ended	
	September 30,	
	2013	2012
	<i>HK\$' 000</i>	<i>HK\$' 000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
The income tax charge comprises:		
Current Tax	7,118	5,211
– Hong Kong		
– PRC Enterprise Income Tax	2,450	668
– Other jurisdictions	809	1,148
	<u>10,377</u>	<u>7,027</u>
(Over) underprovision in prior periods		
– Hong Kong	—	—
– PRC Enterprise Income Tax	—	42
– Other jurisdictions	(63)	552
	<u>(63)</u>	<u>594</u>
Deferred tax		
Current period	(1,270)	(337)
	<u>9,044</u>	<u>7,284</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT law, the tax rate of the PRC subsidiaries is 25%. The tax rate of the Taiwan subsidiary is 17%. Income taxes for overseas subsidiaries are calculated at the rates prevailing for the respective jurisdictions.

## 9. TRADE AND BILLS RECEIVABLES

	As at September 30, 2013 <i>HK\$'000</i> <i>(Unaudited)</i>	As at March 31, 2013 <i>HK\$'000</i> <i>(Audited)</i>
Trade receivables	585,528	497,483
Less: allowance for doubtful debts	<u>(30,322)</u>	<u>(23,727)</u>
Net trade receivables	555,206	473,756
Bills receivables	<u>46,402</u>	<u>29,369</u>
	<u><u>601,608</u></u>	<u><u>503,125</u></u>

The Group allows an average credit period of 60 days to its trade customers. The following is an analysis of trade receivables (net of allowance for doubtful debts) presented based on the invoice date, which approximated the revenue recognition date.

	As at September 30, 2013 <i>HK\$'000</i> <i>(Unaudited)</i>	As at March 31, 2013 <i>HK\$'000</i> <i>(Audited)</i>
Less than 60 days	420,622	332,258
61 to 90 days	108,060	104,847
Over 90 days	<u>26,524</u>	<u>36,651</u>
	<u><u>555,206</u></u>	<u><u>473,756</u></u>

The aged analysis of bills receivables presented based on the issue date at the respective reporting dates:

	As at September 30, 2013 <i>HK\$'000</i> <i>(Unaudited)</i>	As at March 31, 2013 <i>HK\$'000</i> <i>(Audited)</i>
0-60 days	20,461	15,517
61-180 days	<u>25,941</u>	<u>13,852</u>
	<u><u>46,402</u></u>	<u><u>29,369</u></u>

## 10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK\$1,450,000 (2012: HK\$1,446,000) on acquisition of property, plant and equipment. In addition, the Group disposed of certain property, plant and equipment with a carrying amount of HK\$ nil (2012: HK\$ nil), resulting a gain of HK\$ nil (2012: HK\$1,000).

## 11. TRUST RECEIPT LOANS

The trust receipt loans are unsecured, repayable within one year from the end of each reporting period and bear effective interest ranging as follows:

	As at September 30, 2013	As at March 31, 2013
Effective interest rate per annum	1.80% to 2.76%	1.82% to 2.98%

## 12. TRADE AND BILLS PAYABLES/OTHER PAYABLES

	As at September 30, 2013 <i>HK\$'000</i> <i>(Unaudited)</i>	As at March 31, 2013 <i>HK\$'000</i> <i>(Audited)</i>
Trade payables	317,804	283,066
Bills payables	21,313	12,334
Accrual for staff costs	26,284	23,002
Accrued expenses	8,002	5,067
Deposits from customers	3,638	2,828
Other tax payables	3,609	3,345
Interest payables	2,954	2,531
Others	1,797	1,453
	<u>385,401</u>	<u>333,626</u>

The following is an aged analysis of trade payables presented based on the invoice date.

	As at September 30, 2013 <i>HK\$'000</i> <i>(Unaudited)</i>	As at March 31, 2013 <i>HK\$'000</i> <i>(Audited)</i>
Less than 30 days	257,272	237,822
31 to 60 days	60,363	44,848
61 to 90 days	138	300
Over 90 days	31	96
	<u>317,804</u>	<u>283,066</u>

As at March 31, 2013 and September 30, 2013, all bills payables of the Group are aged within 30 days and 45 days, respectively.

### 13. BANK BORROWINGS

During the period, the Group obtained a new bank loan of HK\$50,000,000 (2012: HK\$24,416,000) with maturity date of November 4, 2013 (2012: maturity date of July 24, 2012).

In addition, the Group repaid bank loans of approximately HK\$73,000,000 (2012: HK\$74,299,000) during the period.

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

	As at September 30, 2013	As at March 31, 2013
Weighted average interest rate:		
– fixed rate borrowing	2.90%	3.12%
– variable rate borrowings	2.76%	2.78%

As at September 30, 2013 and March 31, 2013, the Group's unsecured bank loans with carrying amount of approximately HK\$45,500,000 and HK\$65,500,000 are required to comply with certain loan covenants.

During the year ended March 31, 2013, in respect of a bank loan with a carrying amount of HK\$36,500,000 as at March 31, 2013, the Group breached one of the financial covenants of the bank loan, which is primarily related to the consolidated debt service coverage ratio of the Group. On discovery of the breach, the directors of the Company informed the lender and commenced a renegotiation of the terms of the loan with the relevant banker. As at March 31, 2013, those negotiations had not been concluded, therefore, the loan has been classified as a current liability as at March 31, 2013. The Group has obtained a waiver letter from the bank in May 2013.

The fair values of the Group's borrowings approximate their carrying amounts.

All of the Group's bank borrowings are denominated in the functional currencies of the respective entities.

## 14. DEFERRED TAXATION

The following are major deferred tax assets (liabilities) recognised and movements thereon during the current and preceding interim periods:

	Accelerated tax depreciation <i>HK\$'000</i>	Allowance <i>HK\$'000</i>	Tax losses <i>HK\$'000</i>	Undistributable profits of subsidiaries <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>THE GROUP</b>					
Balance at April 1, 2012					
(Audited)	(1,824)	3,114	126	(2,428)	(1,012)
Credit (Charge) to profit or loss	200	451	(126)	(188)	337
Balance at September 30, 2012 (Unaudited)	(1,624)	3,565	—	(2,616)	(675)
Credit (Charge) to profit or loss	231	(1,945)	—	37	(1,677)
Balance at March 31, 2013					
(Audited)	(1,393)	1,620	—	(2,579)	(2,352)
Credit (Charge) to profit or loss	195	1,390	—	(315)	1,270
Balance at September 30, 2013 (Unaudited)	<u>(1,198)</u>	<u>3,010</u>	<u>—</u>	<u>(2,894)</u>	<u>(1,082)</u>

Under the new enterprise income tax law in the PRC 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. As at March 31, 2013 and September 30, 2013, the Group recorded a deferred tax liability of HK\$2,579,000 and HK\$2,894,000, respectively, in respect of these undistributed earnings.

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

	As at September 30, 2013 <i>HK\$'000</i> <i>(Unaudited)</i>	As at March 31, 2013 <i>HK\$'000</i> <i>(Audited)</i>
Deferred tax assets	1,812	259
Deferred tax liabilities	<u>(2,894)</u>	<u>(2,611)</u>
	<u><u>(1,082)</u></u>	<u><u>(2,352)</u></u>

Subject to the agreement by the tax authorities, at March 31, 2013 and September 30, 2013, the Group has unutilised tax losses of HK\$37,400,000 and HK\$46,533,000, respectively, available for offset against future profits. No deferred tax asset has been recognised for such losses due to the unpredictability of future profit streams. Tax losses may be carried forward indefinitely subject to the conditions imposed by law including the retention of majority shareholders as defined.

## 15. SHARE CAPITAL

Issued share capital as at September 30, 2013 amounted to HK\$74,544,000. There were no movements in the issued share capital of the Company in the current and prior interim period.

## 16. DIVIDENDS

During the six months ended September 30, 2013, final dividend of HK6.132 cents per share was distributed to shareholders in respect of the year ended March 31, 2013 (2012: final dividend of HK6.088 cents per share and special dividend of HK1.826 cents per share in respect of the year ended March 31, 2012). The aggregate amount of final dividend distributed and paid in the current period amounted to approximately HK\$22,855,000 (2012: HK\$29,499,000).

No dividends were declared during both periods. The directors do not declare the payment of an interim dividend for the six months ended September 30, 2013.

## 17. EARNINGS PER SHARE

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

	For the six months ended September 30,	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Earnings</b>		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	<u>23,595</u>	<u>22,425</u>
	For the six months ended September 30,	
	2013	2012
	'000	'000
	(Unaudited)	(Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	372,720	372,720
Effect of dilutive potential ordinary shares:		
Options	<u>6,165</u>	<u>5,611</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>378,885</u>	<u>378,331</u>

## 18. CONTINGENT LIABILITIES

At March 31, 2013 and September 30, 2013, the Company had given corporate guarantees (unsecured) of approximately HK\$78,645,000 and HK\$137,411,000, respectively, to its banks in respect of banking facilities granted to its associates, of which HK\$ nil and HK\$30,435,000 banking facilities have been utilized by its associates, respectively.

During the period ended September 30, 2013, guarantees given to banks in respect of credit facilities granted to an associate and the movement of guarantee liabilities are shown as below:

	<i>HK\$'000</i>
At April 1, 2013 (Audited)	—
Recognition of fair values of financial guarantee contracts	950
Amortisation of financial liabilities	<u>(597)</u>
At September 30, 2013 (Unaudited)	<u><u>353</u></u>

Financial guarantee contracts are initially recognised at fair value and calculated by using the default risk method for the banking facilities obtained by the associates. The fair values were based on certain key assumptions on credit strength of the borrowers and default rate. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy. During the six months ended September 30, 2013, guarantee liabilities of HK\$597,000 had been amortised to profit or loss. There were no such guarantees as at September 30, 2012.

## 19. CAPITAL COMMITMENTS

	As at September 30, 2013 <i>HK\$'000</i> <i>(Unaudited)</i>	As at March 31, 2013 <i>HK\$'000</i> <i>(Audited)</i>
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	<u>1,741</u>	<u>—</u>