



WILLAS-ARRAY

WILLAS-ARRAY ELECTRONICS (HOLDINGS) LIMITED

威雅利電子(集團)有限公司

(Incorporated in Bermuda with limited liability)

(Hong Kong stock code: 854)

(Singapore stock code: BDR)

Interim Report
2016



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Corporate Information

DIRECTORS

Executive Directors

Leung Chun Wah (*Chairman*)
Kwok Chan Cheung (*Deputy Chairman*)
Hon Kar Chun (*Managing Director*)
Leung Hon Shing

Independent Non-executive Directors

Jovenal R. Santiago
Wong Kwan Seng, Robert
Lu Po Chan, Eugene

COMPANY SECRETARY

Leung Hon Shing

AUDIT COMMITTEE

Jovenal R. Santiago (*Chairman*)
Wong Kwan Seng, Robert
Lu Po Chan, Eugene

REMUNERATION COMMITTEE

Lu Po Chan, Eugene (*Chairman*)
Jovenal R. Santiago
Wong Kwan Seng, Robert

NOMINATION COMMITTEE

Wong Kwan Seng, Robert (*Chairman*)
Jovenal R. Santiago
Lu Po Chan, Eugene

COMPLIANCE COMMITTEE

Lu 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

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

SINGAPORE SHARE TRANSFER AGENT

Intertrust Singapore Corporate Services Pte. Ltd.
77 Robinson Road
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Singapore 068896

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

Corporate Information

INDEPENDENT AUDITORS

Deloitte Touche Tohmatsu
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88 Queensway
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COMPANY WEBSITE

www.willas-array.com

STOCK CODE

Hong Kong: 854
Singapore: BDR

Financial Highlights

Willas-Array Electronics (Holdings) Limited (the “Company”) was incorporated in Bermuda on August 3, 2000 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The ordinary shares of the Company (the “Shares”) are listed and traded on the Main Board of Singapore Exchange Securities Trading Limited (the “SGX-ST”) and the Main Board of The Stock Exchange of Hong Kong Limited (the “HK Stock Exchange”).

The board of 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, 2016, together with the relevant comparative figures.

FINANCIAL HIGHLIGHTS

	For the six months ended September 30,		Change %
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated)	
Continuing operations			
Revenue	2,069,937	1,874,800	+10.4
Gross profit	153,765	172,005	-10.6
Profit (Loss) before tax	20,865	(30,239)	+169.0
Profit (Loss) attributable to shareholders			
– From continuing operations	16,413	(39,946)	+141.1
– From discontinued operations	(1,841)	722	NM
	14,572	(39,224)	+137.2
Basic Earnings (Loss) per share (HK cents)			
– From continuing and discontinued operations	19.30	(52.02)	+137.1
– From continuing operations	21.74	(52.98)	+141.0
NM: Not meaningful			

Management Discussion and Analysis

BUSINESS REVIEW

Revenue – Continuing operations

The Group's sales revenue from continuing operations had increased by 10.4% from HK\$1,874.8 million for the six months ended September 30, 2015 ("1H FY2016") to HK\$2,069.9 million for the six months ended September 30, 2016 ("1H FY2017").

The improved topline was driven mainly by double digit revenue growth from the Automotive, Industrial and Telecommunication segments in 1H FY2017, whose performance was buoyed by the Group's dedicated engineering capability and value added services in the supply chain.

Turnover by Market Segment Analysis

(in HK\$'000)

	1H FY2017		1H FY2016		Increase (Decrease)	
		%		%		%
Continuing operations						
Telecommunications	586,061	28.3%	516,741	27.6%	69,320	13.4%
Industrial	426,648	20.6%	384,181	20.5%	42,467	11.1%
Dealer	269,925	13.0%	227,121	12.1%	42,804	18.8%
Home Appliance	258,848	12.5%	235,463	12.5%	23,385	9.9%
Automotive	185,143	9.0%	121,127	6.5%	64,016	52.9%
Audio and Video	130,786	6.3%	147,674	7.9%	(16,888)	-11.4%
EMS	92,216	4.5%	107,429	5.7%	(15,213)	-14.2%
Lighting	61,905	3.0%	62,641	3.3%	(736)	-1.2%
Others	58,405	2.8%	72,423	3.9%	(14,018)	-19.4%
	2,069,937	100.0%	1,874,800	100.0%	195,137	10.4%

Telecommunications

This segment was our largest revenue generator in 1H FY2017 at HK\$586.1 million. Although the revenue generated was 13.4% higher year-on-year, the rate of revenue growth had slowed as compared to 1H FY2016 mainly because China's 4G market had reached maturity and price competition for 4G handsets had intensified. This meant that despite an increase in the production volume of smartphones in China, there was huge downward price pressure on component supplies. In order to maintain and even increase our market share, we cooperated with our suppliers to offer competitive prices and provide better cost effective solutions to handset makers. We will continue to improve our efficiency in our supply chain and upgrade the skills of our field application engineers to keep a competitive position in this market.

Management Discussion and Analysis

Industrial

Revenue from this segment was HK\$426.6 million, which was an increase of 11.1% compared with the same period last year. The Group believes that the prospects for this segment is positive and will continue to make it one of its key focuses. We spent a lot of efforts and resources to improve our services and differentiate ourselves through our engineering capabilities by developing new solutions for various applications in this segment. The stable returns from this segment make it a key pillar of growth for the Group.

Dealer

This segment achieved revenue of HK\$269.9 million in 1H FY2017, an 18.8% increase as compared to the same period last year. After the careful analysis of the market situation and healthy inventory management, we decided that this was a good time to devote resources into increasing our market share by teaming up with our key suppliers to offer aggressive package deals. This segment's improved performance is the successful outcome of our efforts. We will continue to monitor market conditions and adjust our strategy accordingly.

Home Appliance

Revenue from this segment was HK\$258.8 million, an increase of 9.9% as compared to the same period last year. During the period under review, both export and domestic consumption showed positive growth as demand for energy saving home appliances continue to gain momentum. We believe that the potential and future prospect of this segment is good for us as environmental consciousness grows among households. We will source more new suppliers to complement our existing products and develop more new solutions for our customers in China.

Automotive

Revenue from this segment leapt 52.9% to HK\$185.1 million as compared with the same period last year. The strong growth shows that our strategy to incorporate network building and solutions development into our automotive business is paying off. China is projected to be the largest market for automotive in the long run. As consumers expect better quality, more comfort and higher safety standard, we have more opportunities to provide advanced systems from our European and Japanese suppliers, e.g. Applications for Telematics and Advanced driver assistance systems (ADAS). We are confident of our investment in this segment and will allocate more resources to support the growth.

Audio and Video

Revenue from this segment was HK\$130.8 million, a decrease of 11.4% compared with the same period last year. Our business in this segment continued to shrink. Although we put more focus on the portable audio and bluetooth speakers, the new business could not cover the drop in traditional audio and video products. However, we believe that audio and video enjoyment is a growing lifestyle trend and we will still keep adequate resources to cooperate with existing and new suppliers to locate new opportunities.

Management Discussion and Analysis

EMS

Revenue from this segment fell 14.2% as compared to the same period last year to HK\$92.2 million. Market conditions had become difficult for pure EMS services and many of our customers have transformed part of their operations to ODM and provide engineering support to stay more competitive. Although we had offered our capabilities to support them, we expect the business in this segment to remain challenging. We will consciously monitor order trends and rolling forecasts to minimize our risk in purchase and the possibility of carrying obsolete stock.

Lighting

Revenue from this segment declined 1.2% as compared to the same period last year to HK\$61.9 million. As a big portion had shifted to the LED lighting market, which continued to struggle with oversupply, it resulted in persistent price erosion. The market remained very competitive and tough for end product makers. We expect market conditions to remain challenging in the short term. In order to mitigate our risks, we will monitor the credit position of our customers carefully and maintain a healthy inventory level.

Others

Revenue from this segment decreased 19.4% as compared to the same period last year to HK\$58.4 million. The business in the sub-segments is unstable. While the renewable energy segment achieved a better performance, this was offset by poorer results from the toys and security device segment.

Profit Margin – Continuing operations

China's GDP growth rate slowed down in 2015 and has continued in 2016 and this led to downward pressure on prices and a squeeze on our gross profit margin to 7.43% in 1H FY2017 from 9.17% in 1H FY2016.

Distribution costs – Continuing operations

Distribution costs decreased by HK\$1.9 million, or 8.1%, from HK\$23.6 million in 1H FY2016 to HK\$21.7 million in 1H FY2017. The decline was mainly due to less sales incentive expense as a result of the fall in gross profit.

Administrative expenses – Continuing operations

Administrative expenses slightly decreased by HK\$1.4 million, or 1.4%, from HK\$98.6 million in 1H FY2016 to HK\$97.2 million in 1H FY2017.

Other gains and losses – Continuing operations

Other losses of HK\$5.1 million in 1H FY2017 included an exchange loss of HK\$5.3 million mainly arising from the depreciation of Chinese renminbi ("RMB"). Other losses of HK\$9.8 million in 1H FY2016 included an exchange loss of HK\$8.9 million mainly arising from the depreciation of RMB and an allowance for doubtful trade receivables of HK\$1.0 million.

Management Discussion and Analysis

Finance costs – Continuing operations

Finance costs increased by HK\$1.4 million, or 14.3%, from HK\$10.2 million in 1H FY2016 to HK\$11.6 million in 1H FY2017. This was mainly attributable to an increase in trust receipt loan.

Share of loss of associates/Impairment loss on interests in associates – Continuing operations

Share of loss of Group's associated company, GW Electronics Company Limited ("GW Electronics") in 1H FY2016 was mainly due to doubtful debts provision for debtors of memory products.

Following the termination of its authorised distributorship agreement with an electronic components manufacturer in September 2015, GW Electronics downsized its operation to an optimum level to serve its remaining product lines and customers. As a result, an impairment loss of HK\$45.0 million was made in 1H FY2016.

Discontinued operations – Trading and designing integrated circuits segment

Noblehigh Enterprises Inc. ("NEI", together with its subsidiaries, the "NEI Group"), is an indirect wholly-owned subsidiary of the Company. The primary business of the NEI Group is the design and trading of integrated circuits for the audio equipment market. Although the NEI Group had a number of proposed projects in the pipeline, these had long development periods and required huge upfront investment in research and development, while the Group is facing a fast shrinking audio equipment market. As such, the Board was not comfortable devoting more resources into this field and decided to exit from it. In July 2016, the management of the Group resolved to dispose its interests in the NEI Group. Negotiations with interested parties have subsequently taken place, details are disclosed in note 20 of the notes to the condensed consolidated financial statement.

The discontinued operations turned from a profit of HK\$0.7 million in 1H FY2016 to a loss of HK\$1.8M in 1H FY2017, which was mainly due to the drop in sales of the NEI Group.

EVENT AFTER THE REPORTING PERIOD

On November 4, 2016, the Group entered into a sale and purchase agreement to dispose of its entire interest in the NEI Group, at a cash consideration of HK\$900,000 to a third party.

LIQUIDITY AND FINANCIAL RESOURCES

Financial Position

Compared to the previous financial year ended March 31, 2016, trust receipt loans increased by HK\$63.1 million. Trade and bills payables increased from HK\$366.1 million as at March 31, 2016 to HK\$418.0 million as at September 30, 2016 (of which HK\$0.1 million was from discontinued operations). Both increases were due to the increase in purchasing activity during the current financial period. Trade and bills receivables increased by HK\$224.4 million when compared to the financial year ended March 31, 2016 due to an increase in sales revenue towards the end of this period. The debtors turnover days increased from 1.9 months to 2.4 months.

As at September 30, 2016, the Group's current ratio (current assets/current liabilities) was 1.24 (March 31, 2016: 1.25).

Management Discussion and Analysis

Inventories

Inventories decreased from HK\$535.5 million as at March 31, 2016 to HK\$533.7 million as at September 30, 2016 (of which HK\$1.1 million was from discontinued operations). The inventory turnover days decreased from 2.0 months to 1.7 months.

Cash Flow

As at September 30, 2016, the Group had a working capital of HK\$337.8 million, which included a cash balance of HK\$391.5 million (of which HK\$0.8 million was from discontinued operations), compared to a working capital of HK\$320.6 million, which included a cash balance of HK\$482.6 million as at March 31, 2016. The decrease in cash by HK\$91.1 million was attributable to the net effect of cash inflow of HK\$57.5 million from financing activities and cash outflows of HK\$143.6 million in operating activities and HK\$3.6 million in investing activities.

Cash inflow from financing activities was attributable to an increase in trust receipt loans due to increased purchasing activity.

Cash outflow in operating activities was mainly attributable to an increase in trade receivables due to increased sales revenue.

Borrowing and Banking Facilities

As at September 30, 2016, bank borrowings of HK\$190.0 million (March 31, 2016: HK\$202.0 million), of which HK\$ nil (March 31, 2016: HK\$2.0 million) was from the discontinued operations, were unsecured and repayable in quarterly or monthly installments ending in FY2018.

Bank borrowings bore interest at a weighted average effective rate of 3.18% per annum for fixed rate borrowings and 2.47% per annum for variable rate borrowings as at September 30, 2016.

As at September 30, 2016, trust receipt loans were unsecured, repayable within one year and bore an effective interest rate of 2.06% to 2.83% per annum. As at September 30, 2016, the Group had unutilised banking facilities of HK\$429.7 million (March 31, 2016: HK\$488.8 million).

As at September 30, 2016, trade receivables amounted to HK\$70.0 million (March 31, 2016: HK\$61.0 million) were transferred to banks by discounting those receivables on a full recourse basis. As the Group had not transferred the significant risks and rewards relating to these receivables, it continued to recognise the full carrying amount of the receivables and had recognised the cash received on the transfer as a secured borrowing amounted to HK\$55.4 million (March 31, 2016: HK\$48.8 million).

Management Discussion and Analysis

Foreign Exchange Risk Management

The Group operates in Hong Kong, the People's Republic of China (the "PRC") and Taiwan. It incurred foreign currency risk mainly on sales and purchases that were denominated in currencies other than our functional currencies. Sales are mainly denominated in United States dollars ("USD"), RMB, Hong Kong dollars ("HKD") and Taiwan dollars ("TWD") whereas purchases are mainly denominated in USD, Japanese yen ("JPY"), RMB and HKD. Therefore the exposure in exchange rate risks mainly arises from fluctuations in foreign currencies against the functional currencies. Given the pegged exchange rate between HKD and USD, the exposure of entities that use HKD as their respective functional currency to the fluctuations in the USD is minimal. However, exchange rate fluctuations between RMB and USD, RMB and JPY, HKD and JPY, or TWD 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.

Gearing Ratio

The gearing ratio as at September 30, 2016 was 161.9% (March 31, 2016: 153.1%). The gearing ratio was derived by dividing total debts (representing interest-bearing bank borrowings, trust receipt loans and bills payables) by shareholders' equity at the end of a given period. The increase was mainly due to an increase in trust receipt loans from HK\$589.5 million to HK\$652.6 million to finance the increased purchasing activities.

Contingent Liabilities

The Company had given corporate guarantees (unsecured) to its banks in respect of banking facilities granted to its subsidiaries. As at September 30, 2016, the aggregate banking facilities granted to the subsidiaries were HK\$1,281.9 million (March 31, 2016: HK\$1,289.9 million), of which HK\$855.7 million (March 31, 2016: HK\$804.2 million) was utilised and guaranteed by the Company.

As at September 30, 2016, the Company had also given guarantees to certain suppliers in relation to the subsidiaries' settlement of the respective payables. The aggregate amounts payable to these suppliers under guarantee were HK\$268.5 million (March 31, 2016: HK\$274.6 million).

During 2015, the Company had given corporate guarantees (unsecured) to its banks in respect of banking facilities granted to its associates. All of the financial guarantee contracts had been cancelled as at March 31, 2016 and no outstanding guarantees were given thereafter.

Management Discussion and Analysis

STRATEGY AND PROSPECTS

According to the forecast of the International Monetary Fund (the “IMF”), China’s economy will expand 6.6 percent this year and 6.2 percent in 2017, down from growth of 6.9 percent in 2015. IMF expects policymakers to continue to shift the economy away from its reliance on investment and industry towards consumption and services.¹ As China is our main market, the Group will monitor conditions closely and shift our resources to growth sectors accordingly.

In line with the slower growth expected, we anticipate the next 12 months to be challenging with poorer consumer sentiment which in turn will affect the electronics industry.

The Group will continue to be prudent in managing its operations while maintaining its cautious stance in managing costs and sustaining a healthy liquidity position in order to support long term growth.

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended September 30, 2016 (2015: HK\$ nil).

EMPLOYEES AND REMUNERATION POLICIES

As at September 30, 2016, the Group had a workforce of 434 full-time employees (March 31, 2016: 477 of which 14 was from the discontinued operations), of which 35.9% worked in Hong Kong, 60.1% in the PRC and the remainder in Taiwan.

The Group actively pursues a strategy of recruiting, developing and retaining 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 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 the applicable PRC laws and regulations.

Further, the remuneration committee of the Company reviews and determines the remuneration and compensation packages of the directors of the Company (the “Directors”) and senior management by reference to the salaries paid by comparable companies, the time commitment and responsibilities of the Directors and the performance of the Group.

¹ Source – IMF Sees Subdued Global Growth, Warns Economic Stagnation Could Fuel Protectionist Calls, October 4, 2016: <http://www.imf.org/en/News/Articles/2016/10/03/AM2016-NA100416-WEO>

Disclosure of Interests

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

As at September 30, 2016, the interests and short positions of the Directors and the 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 Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")), which were required: (i) to be notified to the Company and the HK Stock Exchange 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) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the HK Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "HK Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the HK Stock Exchange (the "HK Listing Rules") were as follows:

Long position in the Shares

Name of Directors/ Chief Executives	Capacity/ Nature of Interest	Number of Shares Held	Approximate Percentage of Shareholding in the Company (%)
Leung Chun Wah ⁽¹⁾ ("Mr. Leung")	Beneficial owner	820,300	1.09
	Interest of spouse	731,940	0.97
	Beneficiary of a trust	18,099,830	23.97
Kwok Chan Cheung ⁽²⁾ ("Mr. Kwok")	Beneficial owner	34,000	0.04
	Interest in a controlled corporation	7,895,554	10.46
Hon Kar Chun	Beneficial owner	292,800	0.39
Leung Hon Shing	Beneficial owner	249,840	0.33

Disclosure of Interests

Notes:

- (1) Mr. Leung, being the Chairman and an Executive Director, is deemed to be interested in the 731,940 Shares held by his wife, Ms. Cheng Wai Yin, Susana. He and his family members are the ultimate beneficiaries of a discretionary trust, of which HSBC International Trustee Limited (“HSBC Trustee”) is the trustee. The 18,099,830 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 Trustee in its capacity as trustee of the discretionary trust. The trustee is required to obtain the consent of Mr. Leung 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 Mr. Kwok, being the Deputy Chairman and an Executive Director, is the beneficial owner of 7,895,554 Shares. By virtue of the SFO, Mr. Kwok is deemed to be interested in all of the Shares held by Global Success.

Save as disclosed above, none of the Directors, the chief executives of the Company or their respective associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) as at September 30, 2016 as recorded in the register to be kept under section 352 of the SFO or as otherwise required to be notified to the Company and the HK Stock Exchange pursuant to the HK Model Code.

Disclosure of Interests

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

As at September 30, 2016, 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/which had interests or short positions in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Divisions 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:

Long Position in the Shares

Name of Shareholders	Capacity/ Nature of Interest	Number of Shares Held	Approximate Percentage of Shareholding in the Company (%)
Cheng Wai Yin, Susana ⁽¹⁾	Beneficial owner	731,940	0.97
	Interest of spouse	18,906,130	25.04
Max Power ⁽²⁾	Beneficial owner	18,099,830	23.97
HSBC Trustee ⁽²⁾	Trustee	18,099,830	23.97
Global Success ⁽³⁾	Beneficial owner	7,895,554	10.46
Yeo Seng Chong ⁽⁴⁾	Beneficial owner	300,000	0.40
	Interest of spouse	500,000	0.66
	Interest of controlled corporations	6,449,904	8.54
Lim Mee Hwa ⁽⁴⁾	Beneficial owner	500,000	0.66
	Interest of spouse	300,000	0.40
	Interest of controlled corporations	6,449,904	8.54
Yeoman Capital Management Pte Ltd ("YCMPL") ⁽⁵⁾	Beneficial owner	75,000	0.10
	Interest of controlled corporations	6,374,904	8.44
Yeoman 3-Rights Value Asia Fund ⁽⁶⁾	Beneficial owner	6,249,904	8.28
Hung Yuk Choy	Beneficial owner	5,286,918	7.00

Disclosure of Interests

Notes:

- (1) Ms. Cheng Wai Yin, Susana, the wife of Mr. Leung, the Chairman and an Executive Director, is deemed under the SFO to be interested in the Shares beneficially and deemed to be held by Mr. Leung. The 18,099,830 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 Trustee in its capacity as trustee of the discretionary trust. By virtue of the SFO, HSBC Trustee is deemed to be interested in all of the Shares held by Max Power. Mr. Leung and his family members are the ultimate beneficiaries of the discretionary trust. The trustee is required to obtain the consent of Mr. Leung in any disposal and acquisition of Shares by Max Power except under certain exceptional conditions as stipulated in the trust deed.
- (2) The 18,099,830 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 Trustee in its capacity as trustee of the discretionary trust. By virtue of the SFO, HSBC Trustee is deemed to be interested in all of the Shares held by Max Power. Mr. Leung and his family members are the ultimate beneficiaries of the discretionary trust. The trustee is required to obtain the consent of Mr. Leung 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 Mr. Kwok, being the Deputy Chairman and an Executive Director, is the beneficial owner of 7,895,554 Shares. By virtue of the SFO, Mr. Kwok is deemed to be interested in all of the Shares held by Global Success.
- (4) Mr. Yeo Seng Chong owns Shares directly in his own name and his wife, Ms. Lim Mee Hwa owns Shares directly in her own name. Both own equally YCMPL, a fund manager and therefore control YCMPL. YCMPL in turn has its own direct shareholding in the Company as well as its deemed interests through its clients' direct shareholdings in the Company.
- (5) YCMPL owns Shares directly in its own name and also has deemed interests through its clients' direct shareholdings in the Company. The clients of YCMPL are Yeoman 3-Rights Value Asia Fund and Yeoman Client 1.
- (6) Yeoman 3-Rights Value Asia Fund owns Shares directly in its own name.

Save as disclosed above, as at September 30, 2016, the Directors are not aware of any persons (other than a Director or the chief executive of the Company) or corporations who/which 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 required to be entered in the register kept by the Company pursuant to section 336 of the SFO.

Disclosure of Interests

SHARE OPTION SCHEME

The Company had on June 11, 2001 adopted the Willas-Array Electronics Employee Share Option Scheme II (“ESOS II”) and on July 30, 2013 adopted the Willas-Array Electronics Employee Share Option Scheme III (“ESOS III”) to grant share options to eligible employees, including the executive directors of the Group.

Under ESOS II, an option can be exercised, except in certain special circumstances:

- (1) immediately after the first anniversary of the date of grant and will expire on the tenth anniversary of such date of grant in the case of an option granted with the exercise price set at the market price; and
- (2) immediately after the second anniversary of the date of grant and will expire on the tenth anniversary of such date of grant in the case of an option granted with the exercise price set at a discount to the market price.

The vesting period of ESOS II is two years from and including the date of grant.

ESOS II expired on June 10, 2011 and the unexercised options granted under ESOS II will continue to be valid and exercisable subject to the provisions of ESOS II within their respective exercise periods.

Particulars of the share options outstanding under ESOS II at the beginning and at the end of the financial period for the six months ended September 30, 2016 (the “Period”) and the share options granted, exercised, lapsed and cancelled during the Period were as follows:

Name or Category of participants	Date of grant	Number of underlying Shares comprised in share options					Balance as at September 30, 2016	Exercise price per Share	Exercise period
		Balance as at April 1, 2016	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period			
Employees in aggregate	October 2, 2009	836,600	-	-	-	-	836,600	\$S0.335	October 2, 2011 to October 1, 2019

Disclosure of Interests

None of the holders of outstanding share options granted under ESOS II (i) are Directors, the chief executive or substantial shareholders (as defined in the HK Listing Rules) of the Company, or their respective associates; and (ii) was granted any 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.

ESOS III was adopted by an ordinary resolution of the shareholders of the Company at the special general meeting of the Company held on July 30, 2013. No options have been granted under ESOS III since its adoption. ESOS III will expire on July 29, 2023.

Under ESOS III, the period for the exercise of an option will commence immediately after the first anniversary of the date of grant and will expire on the tenth anniversary of such date of grant.

The vesting period of ESOS III is one year from and including the date of grant.

Corporate Governance and Other Information

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended September 30, 2016, the Company did not redeem any of its listed securities nor did the Company or any of its subsidiaries purchase or sell any of such securities.

COMPLIANCE WITH HONG KONG CORPORATE GOVERNANCE CODE

The Board and the Company's management are committed to maintaining high standards of corporate governance. The Board firmly believes that conducting the Group's business in a transparent and responsible manner and following good corporate governance practices serve its long-term interests and those of the shareholders of the Company (the "Shareholders"). The Board considers that during the six months ended September 30, 2016, the Company has complied with all the code provisions of the Corporate Governance Code (the "HK CG Code") as contained in Appendix 14 to the HK Listing Rules.

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

COMPLIANCE WITH HONG KONG MODEL CODE

The Company has adopted the HK Model Code as set out in Appendix 10 to the HK Listing Rules as its own code of conduct for dealing in the securities of the Company by the Directors. Following a specific enquiry made by the Company with the Directors, all of them have confirmed that they had complied with the required standards as set out in the HK Model Code throughout the six months ended September 30, 2016.

REVIEW BY AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with written terms of reference in compliance with the HK CG Code and the Main Board rules of the listing manual of the SGX-ST. The Audit Committee comprises all of the three INEDs, namely Jovenal R. Santiago (committee chairman), Wong Kwan Seng, Robert and Lu Po Chan, Eugene. The Group's unaudited interim results and this interim report for the six months ended September 30, 2016 have been reviewed by the Audit Committee.

Report on Review of Condensed Consolidated Financial Statements



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**TO THE BOARD OF DIRECTORS OF
WILLAS-ARRAY ELECTRONICS (HOLDINGS) LIMITED
(incorporated in Bermuda with limited liability)**

INTRODUCTION

We have reviewed the condensed consolidation financial statements of Willas-Array Electronics (Holdings) Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 20 to 52, which comprises the condensed consolidated statement of financial position as of September 30, 2016 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “*Interim Financial Reporting*” (“IAS 34”) issued by the International Accounting Standards Board. The directors of the company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. 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 International Standard on Review Engagements 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*” issued by the International Auditing and Assurance Standards Board. 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 11, 2016

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended September 30, 2016

	Notes	For the six months ended September 30,	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated)
Continuing operations			
Revenue	3	2,069,937	1,874,800
Cost of sales		(1,916,172)	(1,702,795)
Gross profit		153,765	172,005
Other operating income		2,687	1,954
Distribution costs		(21,686)	(23,590)
Administrative expense		(97,184)	(98,578)
Share of loss of associates		–	(19,202)
Impairment loss recognised in respect of interests in associates		–	(45,000)
Other gains and losses		(5,094)	(9,809)
Amortisation of financial guarantee liabilities	21	–	2,154
Finance costs		(11,623)	(10,173)
Profit (Loss) before tax		20,865	(30,239)
Income tax expenses	5	(4,965)	(8,320)
Profit (Loss) for the period from continuing operations	6	15,900	(38,559)
Discontinued operations			
(Loss) Profit for the period from discontinued operations	20	(1,841)	722
Profit (Loss) for the period		14,059	(37,837)
Other comprehensive expense:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of overseas operations		(5,850)	(7,811)
Release of exchange differences upon dissolution of overseas operations		–	(51)
Other comprehensive expense for the period, net of tax		(5,850)	(7,862)
Total comprehensive income (expense) for the period		8,209	(45,699)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended September 30, 2016

	Note	For the six months ended September 30,	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated)
Profit (Loss) for the period attributable to owners of the Company:			
– from continuing operations		16,413	(39,946)
– from discontinued operations		(1,841)	722
Profit (Loss) for the period attributable to owners of the Company		<u>14,572</u>	<u>(39,224)</u>
Profit (Loss) for the period attributable to non-controlling interests:			
– from continuing operations		(513)	1,387
– from discontinued operations		–	–
Profit (Loss) for the period attributable to non-controlling interest		<u>(513)</u>	<u>1,387</u>
		<u>14,059</u>	<u>(37,837)</u>
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		8,722	(47,066)
Non-controlling interests		(513)	1,367
		<u>8,209</u>	<u>(45,699)</u>
Earnings (Loss) per share	8		
From continuing and discontinued operations			
– Basic (HK cents)		<u>19.30</u>	<u>(52.02)</u>
– Diluted (HK cents)		<u>19.21</u>	<u>(52.02)</u>
From continuing operations			
– Basic (HK cents)		<u>21.74</u>	<u>(52.98)</u>
– Diluted (HK cents)		<u>21.64</u>	<u>(52.98)</u>

Condensed Consolidated Statement of Financial Position

As at September 30, 2016

	Notes	As at September 30, 2016 HK\$'000 (Unaudited)	As at March 31, 2016 HK\$'000 (Audited)
ASSETS			
Current assets			
Cash and cash equivalents		390,677	482,601
Restricted bank deposits		4,651	2,395
Trade and bills receivables	9	805,323	580,895
Other receivables and prepayment – current		6,396	6,266
Prepaid lease payments – current		12	12
Derivative financial instruments		111	–
Income tax recoverable		–	2,380
Inventories		532,515	535,547
		1,739,685	1,610,096
Asset classified as held for sale	20	2,937	–
Total current assets		1,742,622	1,610,096
Non-current assets			
Prepaid lease payments – non-current		575	581
Property, plant and equipment	11	241,820	251,867
Long-term deposits		1,410	1,697
Available-for-sale investments		2,001	2,001
Interests in associates	13	–	–
Deferred tax assets	12	353	385
Total non-current assets		246,159	256,531
Total assets		1,988,781	1,866,627

Condensed Consolidated Statement of Financial Position

As at September 30, 2016

	Notes	As at September 30, 2016 HK\$'000 (Unaudited)	As at March 31, 2016 HK\$'000 (Audited)
LIABILITIES AND EQUITY			
Current liabilities			
Trust receipt loans	14	652,599	589,485
Trade and bills payables	15	417,863	366,062
Other payables		80,658	79,525
Income tax payable		6,269	3,608
Derivative financial instruments		3	14
Bank borrowings	16	245,376	250,768
		1,402,768	1,289,462
Liabilities associated with assets classified as held for sale	20	1,800	–
Total current liabilities		1,404,568	1,289,462
Non-current liabilities			
Deferred tax liabilities	12	23,791	24,952
Capital, reserves and non-controlling interests			
Issued capital	17	75,506	75,506
Capital reserves		194,378	194,378
Other reserves		290,538	285,377
Equity attributable to owners of the Company		560,422	555,261
Non-controlling interests		–	(3,048)
Total equity		560,422	552,213
Total liabilities and equity		1,988,781	1,866,627
Net current assets		338,054	320,634
Total assets less current liabilities		584,213	577,165

Condensed Consolidated Statements of Changes in Equity

For the six months ended September 30, 2016

	Issued capital HK\$'000	Capital reserves HK\$'000	Statutory reserve HK\$'000 (Note)	Revaluation reserve HK\$'000	Currency translation reserve HK\$'000	Other reserve HK\$'000	Accumulated profits HK\$'000	Attributable to owners of the Company HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
Balance at April 1, 2015 (Audited)	75,349	194,343	16,525	96,619	20,758	-	258,573	662,167	(4,589)	657,578
Total comprehensive (expense) income for the period:										
Loss for the period	-	-	-	-	-	-	(39,224)	(39,224)	1,387	(37,837)
Other comprehensive expense for the period, net of income tax	-	-	-	-	(7,842)	-	-	(7,842)	(20)	(7,862)
Total	-	-	-	-	(7,842)	-	(39,224)	(47,066)	1,367	(45,699)
Transactions with owners, recognised directly in equity:										
Exercise of share options	157	138	-	-	-	-	-	295	-	295
Dividend paid (Note 7)	-	-	-	-	-	-	(23,962)	(23,962)	-	(23,962)
Total	157	138	-	-	-	-	(23,962)	(23,667)	-	(23,667)
Balance at September 30, 2015 (Unaudited)	75,506	194,481	16,525	96,619	12,916	-	195,387	591,434	(3,222)	588,212
Balance at April 1, 2016 (Audited)	75,506	194,378	16,525	93,271	9,124	-	166,457	555,261	(3,048)	552,213
Total comprehensive income (expense) for the period:										
Profit for the period	-	-	-	-	-	-	14,572	14,572	(513)	14,059
Other comprehensive expense for the period, net of income tax	-	-	-	-	(5,850)	-	-	(5,850)	-	(5,850)
Total	-	-	-	-	(5,850)	-	14,572	8,722	(513)	8,209
Transactions with owners, recognised directly in equity:										
Acquisition of additional interest in subsidiaries (Note 20)	-	-	-	-	-	(3,561)	-	(3,561)	3,561	-
Total	-	-	-	-	-	(3,561)	-	(3,561)	3,561	-
Balance at September 30, 2016 (Unaudited)	75,506	194,378	16,525	93,271	3,274	(3,561)	181,029	560,422	-	560,422

Note: The statutory reserve is non-distributable and was appropriated from the profit after tax of the Company's subsidiaries in the People's 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 six months ended September 30, 2016

	For the six months ended September 30,	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Net cash used in operating activities	(143,585)	(88,604)
Net cash used in investing activities		
Purchase of property, plant and equipment	(1,389)	(1,249)
Withdrawal of restricted bank deposits	–	2,638
Placement of restricted bank deposits	(2,256)	(5,000)
Proceeds from disposal of property, plant and equipment	62	11
Capital injection to associates	–	(24,500)
	(3,583)	(28,100)
Net cash from financing activities		
Dividend paid to shareholders	–	(23,962)
Proceeds from exercise of share options	–	295
Repayment of trust receipt loans	(1,111,354)	(1,009,303)
Proceeds from trust receipt loans	1,174,468	1,131,710
Repayment of bank borrowings	(307,087)	(171,725)
Proceeds from bank borrowings	301,480	276,682
	57,507	203,697
Net (decrease) increase in cash and cash equivalents	(89,661)	86,993
Cash and cash equivalents at beginning of the period	482,601	305,955
Effects of exchange rate changes on the balance of cash held in foreign currencies	(1,422)	5,277
Cash and cash equivalents at end of the period		
– Bank balance and cash	390,677	398,225
– Bank balance and cash classified as held for sale	841	–
	391,518	398,225

Notes to the Condensed Consolidated Financial Statements

For the six months ended September 30, 2016

1. BASIS OF PREPARATION

The Company was incorporated in Bermuda 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 located at 24/F, Wyler Centre Phase 2, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong. The ordinary shares of the Company are listed on the Main Board of Singapore Exchange Securities Trading Limited and on the Main Board of The Stock Exchange of Hong Kong Limited. The condensed consolidated financial statements are presented in Hong Kong dollars which is also the functional currency of the Company.

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

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "*Interim Financial Reporting*" issued by the International Accounting Standards Board ("IASB") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Significant events and transactions in the current interim period

The Group intended to dispose of its trading and designing integrated circuits segment and several transactions were entered into by the Group during the period as disclosed in detail in note 20.

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.

Except as described below, the accounting policies adopted and methods of computation used in condensed consolidated financial statements for the six months ended September 30, 2016 are consistent with those followed in the preparation of the Group's audited financial statements for the year ended March 31, 2016 and the adoption of these new and revised IFRSs does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior periods.

In respect of the planned disposal of NEI Group (defined in note 20), the Group has applied the following accounting policy to account for such transactions.

Notes to the Condensed Consolidated Financial Statements

For the six months ended September 30, 2016

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with IAS 39 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

In the current interim period, the Group has applied, for the first time, the following amendments to IFRSs issued by the IASB that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRSs	Annual Improvements to IFRSs 2012 – 2014 Cycle
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IAS 27	Equity Method in Separate Financial Statements

The directors of the Company consider that the application of these amendments has had no material effect on the amounts recognised in the Group's condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended September 30, 2016

3. SEGMENT INFORMATION

Information reported to the Group's chief operating decision maker (the "CODM") for the purposes of resource allocation and assessment of trading of electronic components segment's performance is further disaggregated by geographical locations for the CODM's review are as follows:

- Southern China Region
- Northern China Region
- Taiwan

An operating segment regarding the trading and designing integrated circuits was discontinued in the current period. The segment information reported on the next pages does not include any amounts for these discontinued operations, which are described in more detail in note 20.

Notes to the Condensed Consolidated Financial Statements

For the six months ended September 30, 2016

3. SEGMENT INFORMATION (continued)

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

Six months ended September 30, 2016 (Unaudited)

Continuing operations

	Trading of electronic components				Elimination HK\$'000	Continuing operations Total HK\$'000
	Southern China Region HK\$'000	Northern China Region HK\$'000	Taiwan HK\$'000	Sub-total HK\$'000		
Revenue						
Sales – external	1,050,372	984,557	35,008	2,069,937	–	2,069,937
Sales – inter-company	209,067	109,269	610	318,946	(318,946)	–
Net sales	1,259,439	1,093,826	35,618	2,388,883	(318,946)	2,069,937
Cost of sales	1,171,003	1,032,191	32,640	2,235,834	(319,662)	1,916,172
Gross profit	88,436	61,635	2,978	153,049	716	153,765
Segment results	17,758	2,971	599	21,328	716	22,044
Unallocated other revenue						430
Unallocated corporate expenses						(1,609)
Profit before tax						20,865
Income tax expenses						(4,965)
Profit for the period						15,900
Non-controlling interests						513
Profit attributable to owners of the Company						16,413

Notes to the Condensed Consolidated Financial Statements

For the six months ended September 30, 2016

3. SEGMENT INFORMATION (continued)

Six months ended September 30, 2015 (Unaudited and restated)

Continuing operations

	Trading of electronic components				Elimination HK\$'000	Continuing operations
	Southern China Region HK\$'000	Northern China Region HK\$'000	Taiwan HK\$'000	Sub-total HK\$'000		Total HK\$'000
Revenue						
Sales – external	1,008,460	826,648	39,692	1,874,800	–	1,874,800
Sales – inter-company	178,623	151,934	1,412	331,969	(331,969)	–
Net sales	1,187,083	978,582	41,104	2,206,769	(331,969)	1,874,800
Cost of sales	1,090,743	908,068	35,890	2,034,701	(331,906)	1,702,795
Gross profit	96,340	70,514	5,214	172,068	(63)	172,005
Segment results	26,511	8,062	676	35,249	(63)	35,186
Unallocated other revenue						447
Amortisation of financial guarantee liabilities						2,154
Unallocated corporate expenses						(3,824)
Share of loss of associates						(19,202)
Impairment loss recognised in respect of interests in associates						(45,000)
Loss before tax						(30,239)
Income tax expenses						(8,320)
Loss for the period						(38,559)
Non-controlling interests						(1,387)
Loss attributable to owners of the Company						(39,946)

Notes to the Condensed Consolidated Financial Statements

For the six months ended September 30, 2016

3. SEGMENT INFORMATION (continued)

Segment profit (loss) represents the profit earned by or loss from each segment without allocation of central administrative expenses, other revenue, amortisation of financial guarantee liabilities, share of loss of associates and impairment loss recognised in respect of interests in associates. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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.

4. RELATED COMPANY TRANSACTIONS

Some of the Company's transactions and arrangements are between members of the Group and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, repayable on demand, interest-free and expected to be settled in cash unless stated otherwise.

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. The Company had given corporate guarantees (unsecured) to its banks in respect of banking facilities granted to its associates in prior period (Note 21).

The Group entered into the following transactions with associates:

	For the six months ended September 30,	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Continuing operations		
Sales of electronics components	–	14
Other income	90	413
Management fee received	309	–
Purchases of electronics components	–	15,063
	<hr/> <hr/>	<hr/> <hr/>
Discontinued operations		
Sales of electronics components	–	456
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Condensed Consolidated Financial Statements

For the six months ended September 30, 2016

4. RELATED COMPANY TRANSACTIONS (continued)

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

	As at September 30, 2016 HK\$'000 (Unaudited)	As at March 31, 2016 HK\$'000 (Audited)
Associates		
– other payables (Note)	(42,148)	(42,414)

Note: Amounts are unsecured, interest-free and repayable on demand.

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,	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Short-term benefits	9,026	8,976
Post-employment benefits	661	661
Other long-term benefits	623	623
	<u>10,310</u>	<u>10,260</u>

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended September 30, 2016

5. INCOME TAX EXPENSES

	For the six months ended September 30,	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated)
Continuing operations		
The income tax charge comprises:		
Current Tax		
– Hong Kong	5,241	7,540
– PRC Enterprise Income Tax	378	378
– Other jurisdictions	136	511
	5,755	8,429
Underprovision in prior periods		
– PRC Enterprise Income Tax	–	330
– Other jurisdictions	5	14
	5	344
Deferred tax		
Current period (<i>Note 12</i>)	(795)	(453)
	4,965	8,320

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

Under the Law of the PRC 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended September 30, 2016

6. PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS

Profit (Loss) for the period from continuing operations has been arrived at or after charging (crediting):

	For the six months ended September 30,	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated)
Continuing operations		
Directors' fees	515	498
Directors' remuneration (<i>Note</i>)	5,229	5,217
Audit fees paid to auditors		
Auditors of the Company	983	1,018
Other auditors	63	66
Non-audit fees paid to auditors		
Auditors of the Company	286	278
Staff costs (excluding directors' remuneration) (<i>Note</i>)	62,033	65,381
Amortisation of prepaid lease payments	6	7
Cost of inventories recognised as expenses	1,905,194	1,695,122
Depreciation of property, plant and equipment	6,281	7,296
Gain on disposal of property, plant and equipment	(61)	(10)
Net foreign exchange loss	5,277	8,891
Net gain on fair value changes of derivative financial instruments	(122)	(72)
Allowance for doubtful trade receivables	–	1,000
Interest income from bank deposits	(447)	(458)
Allowance for inventories	5,910	2,938

Note: During the six months ended September 30, 2016 and 2015, there were cost of defined contribution plans amounting to approximately HK\$7,747,000 and HK\$8,518,000 respectively, included in staff costs and directors' remuneration.

7. DIVIDENDS

No dividend was declared and paid during the six months ended September 30, 2016 (2015: a final dividend of HK6.347 cents per share was distributed to shareholders in respect of the year ended March 31, 2015). During the six months ended September 30, 2015, the aggregate amount of the final dividend distributed and paid amounted to approximately HK\$23,962,000.

The directors of the Company have resolved not to declare any interim dividend for the six months ended September 30, 2016.

Notes to the Condensed Consolidated Financial Statements

For the six months ended September 30, 2016

8. EARNINGS (LOSS) PER SHARE (continued)

From continuing operations

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

Earnings (Loss) figures are calculated as follows:

	For the six months ended September 30,	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit (loss) for the period attributable to owners of the Company	14,572	(39,224)
Less: (Loss) profit for the period from discontinued operations	(1,841)	722
Earnings (loss) for the purposes of basic and diluted earnings per share from continuing operations	<u>16,413</u>	<u>(39,946)</u>

From discontinued operations

For the six months ended September 30, 2016, basic and diluted loss per share for the discontinued operations are HK2.44 cent per share (six months ended September 30, 2015: basic and diluted earnings per share are HK0.96 cent per share), based on the loss for the period from discontinued operations attributable to owners of the Company of approximately HK\$1,841,000 (2015: profit of HK\$722,000) and the denominators detailed above for both basic and diluted earnings (loss) per share.

Notes to the Condensed Consolidated Financial Statements

For the six months ended September 30, 2016

9. TRADE AND BILLS RECEIVABLES

	As at September 30, 2016 HK\$'000 (Unaudited)	As at March 31, 2016 HK\$'000 (Audited)
Trade receivables	795,974	577,281
Less: allowance for doubtful debts	(16,039)	(16,387)
Net trade receivables	779,935	560,894
Bills receivables	25,388	20,001
	805,323	580,895

Bills receivable represent bank drafts received from customers that are non-interest bearing and due within one year.

The average credit period on sales of goods is 60 days (March 31, 2016: 60 days). The following is an aging analysis of trade receivables net of allowance for doubtful debts, presented based on the invoice date, at the end of the reporting period.

	As at September 30, 2016 HK\$'000 (Unaudited)	As at March 31, 2016 HK\$'000 (Audited)
Less than 60 days	598,355	407,633
61 to 90 days	136,287	105,474
Over 90 days	45,293	47,787
	779,935	560,894

Notes to the Condensed Consolidated Financial Statements

For the six months ended September 30, 2016

9. TRADE AND BILLS RECEIVABLES (continued)

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

	As at September 30, 2016 HK\$'000 (Unaudited)	As at March 31, 2016 HK\$'000 (Audited)
Less than 60 days	17,537	16,969
61 to 180 days	7,851	3,032
	<u>25,388</u>	<u>20,001</u>

10. TRANSFER OF FINANCIAL ASSETS

As at September 30, 2016, trade receivables amounted to approximately HK\$69,983,000 (March 31, 2016: HK\$60,960,000), were transferred to banks by discounting those receivables on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing amounted to approximately HK\$55,376,000 (March 31, 2016: HK\$48,768,000). These financial assets are carried at amortised cost in the Group's condensed consolidated statement of financial position.

11. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$1,389,000 (2015: HK\$1,249,000) on the acquisition of property, plant and equipment. In addition, the Group disposed of certain property, plant and equipment with a carrying amount of approximately HK\$1,000 (2015: HK\$1,000), resulting in a gain of approximately HK\$61,000 (2015: HK\$10,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended September 30, 2016

12. DEFERRED TAX

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

	Revaluation of leasehold land and buildings HK\$'000	Accelerated tax depreciation HK\$'000	Allowance HK\$'000	Undistributed profits of subsidiaries HK\$'000	Total HK\$'000
THE GROUP					
Balance at March 31, 2015 (Audited)	(24,695)	(1,275)	2,217	(1,608)	(25,361)
Credit (charge) to profit or loss from continuing operations	413	114	(273)	199	453
Charge to profit or loss from discontinued operations	–	(1)	–	–	(1)
Currency realignment	414	–	–	–	414
Balance at September 30, 2015 (Unaudited)	(23,868)	(1,162)	1,944	(1,409)	(24,495)
Credit (charge) to profit or loss	405	106	(1,264)	446	(307)
Currency realignment	235	–	–	–	235
Balance at March 31, 2016 (Audited)	(23,228)	(1,056)	680	(963)	(24,567)
Credit (charge) to profit or loss from continuing operations	401	162	(2)	234	795
Charge to profit or loss from discontinued operations	–	(1)	–	–	(1)
Currency realignment	366	–	–	–	366
Balance at September 30, 2016 (Unaudited)	(22,461)	(895)	678	(729)	(23,407)
Less: Deferred tax assets classified as asset held for sale	–	31	–	–	31
Balance at September 30, 2016 as stated in the condensed consolidated statement of financial position (Unaudited)	(22,461)	(926)	678	(729)	(23,438)

Notes to the Condensed Consolidated Financial Statements

For the six months ended September 30, 2016

12. DEFERRED TAX (continued)

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.

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 20%. Also, a 10% surtax is imposed on any current year earnings that remain undistributed by the end of the following year. 50% of the surtax paid can be used as a tax credit to offset against the future withholding tax payable upon dividend distribution under calculations prescribed under Article 61-1 of Enforcement Rules of Income Tax Act.

As the Group does not expect to distribute dividends out of the earnings from its Taiwan subsidiaries in the next twelve months from the end of the reporting period, it has accrued 10% surtax as at September 30, 2016 accordingly.

Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC and Taiwan subsidiaries amounting to approximately HK\$12,055,000 (March 31, 2016: HK\$18,952,000) 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.

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 statements of financial position purposes:

	As at September 30, 2016 HK\$'000 (Unaudited)	As at At March 31, 2016 HK\$'000 (Audited)
Deferred tax assets	353	385
Deferred tax liabilities	(23,791)	(24,952)
	<u>(23,438)</u>	<u>(24,567)</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended September 30, 2016

12. DEFERRED TAX (continued)

Subject to the agreement by the tax authorities, at September 30, 2016, the Group has unutilised tax losses of approximately HK\$64,839,000 (March 31, 2016: HK\$55,061,000) available for offset against future profits. None of such losses as at September 30, 2016 (March 31, 2016: HK\$ nil) has been recognised as a deferred tax asset 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.

13. INTERESTS IN ASSOCIATES

	At September 30, 2016 HK\$'000	At March 31, 2016 HK\$'000
Cost of interests in associates	98,000	98,000
Deemed capital contribution (<i>Note</i>)	9,016	9,016
Share of post-acquisition reserves:		
Post-acquisition (loss) profits brought forward	(36,823)	1,450
Loss for the period	–	(38,273)
Translation reserve	(113)	(113)
	<u>70,080</u>	<u>70,080</u>
Impairment	(70,080)	(70,080)
	<u>–</u>	<u>–</u>

Note: Deemed capital contribution represents the fair value of financial guarantee contracts granted to the associate at initial recognition (*Note 21*).

14. TRUST RECEIPT LOANS

The trust receipt loans are unsecured, bear effective interest ranging from 2.06% to 2.83% (March 31, 2016: 1.72% to 2.89%) per annum and are repayable within one year.

At the end of September 30, 2016, the Group's trust receipt loans with carrying amount of approximately HK\$nil (March 31, 2016: HK\$40,745,000) are required to comply with certain loan covenants.

The Group has complied with the loan covenants for both periods.

Notes to the Condensed Consolidated Financial Statements

For the six months ended September 30, 2016

15. TRADE AND BILLS PAYABLES

	As at September 30, 2016 HK\$'000 (Unaudited)	As at March 31, 2016 HK\$'000 (Audited)
Trade payables	408,306	356,476
Bills payables	9,557	9,586
	<u>417,863</u>	<u>366,062</u>

Bills payables of the Group are aged within 30 days (March 31, 2016: 30 days).

The following is an aging analysis of trade payables presented based on the invoice date at the end of the reporting period:

	As at September 30, 2016 HK\$'000 (Unaudited)	As at March 31, 2016 HK\$'000 (Audited)
Less than 30 days	329,074	266,381
31 to 60 days	77,544	88,393
Over 60 days	1,688	1,702
	<u>408,306</u>	<u>356,476</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended September 30, 2016

16. BANK BORROWINGS

During the period, the Group obtained new bank loans of approximately HK\$301,480,000 (2015: HK\$276,682,000).

In addition, the Group repaid bank loans of approximately HK\$307,087,000 (2015: HK\$171,725,000) 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, 2016	As at March 31, 2016
Weighted average effective interest rate:		
– fixed rate borrowings	3.18%	2.91%
– variable rate borrowings	2.47%	2.30%

No loan covenants are required to comply for the Group's unsecured bank loans for both periods.

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

At the reporting date, the carrying amounts of the Group's bank borrowings denominated in currencies other than the respective group entities' functional currencies are set out below:

	As at September 30, 2016 HK\$'000 (Unaudited)	As at March 31, 2016 HK\$'000 (Audited)
United States dollars	<u>52,755</u>	<u>30,876</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended September 30, 2016

17. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Authorised:		
At April 1, 2015		
– Ordinary shares of HK\$0.2 each	600,000	120,000
Share consolidation (<i>Note</i>)	(480,000)	–
	<hr/>	<hr/>
At September 30, 2015, April 1, 2016 and September 30, 2016		
– Ordinary shares of HK\$1.0 each	120,000	120,000
	<hr/> <hr/>	<hr/> <hr/>
Issued and paid up:		
At April 1, 2015		
– Ordinary shares of HK\$0.2 each	376,745	75,349
Exercise of share options	785	157
Share consolidation (<i>Note</i>)	(302,024)	–
	<hr/>	<hr/>
At September 30, 2015, April 1, 2016 and September 30, 2016		
– Ordinary shares of HK\$1.0 each	75,506	75,506
	<hr/> <hr/>	<hr/> <hr/>

Note: Pursuant to the resolution passed at the annual general meeting of the Company held on July 30, 2015, the consolidation of every five (5) issued and unissued ordinary shares of par value of HK\$0.20 each in the then capital of the Company into one (1) consolidated ordinary share of par value of HK\$1.00 each in the capital of the Company became effective on August 17, 2015.

Notes to the Condensed Consolidated Financial Statements

For the six months ended September 30, 2016

18. SHARE-BASED PAYMENTS

The Company had adopted the Willas-Array Electronics Employee Share Option Scheme II and the Willas-Array Electronics Employee Share Option Scheme III to grant share options to eligible employees, including the executive directors of the Company and its subsidiaries. Details of the share options schemes were disclosed in the Group's annual financial statements for the year ended March 31, 2016.

The table below discloses movement of the Company's share options:

	Number of share options
Outstanding at April 1, 2015 (Audited)	4,968,000
Exercised during the period	(785,000)
Consolidated during the period (<i>Note</i>)	(3,346,400)
	<hr/>
Outstanding at September 30, 2015 (Unaudited), April 1, 2016 (Audited) and September 30, 2016 (Unaudited)	<hr/> <u>836,600</u>

Note: Upon the share consolidation which became effective on August 17, 2015, the exercise price and the number of underlying Shares comprised in the outstanding options granted under the Employee Share Option Scheme II of the Company have been adjusted.

Fair values of the share options were calculated using The Black-Scholes option pricing model.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest ultimately. The impact of the revision of the estimates, if any, is recognised in profit and loss, with a corresponding adjustment to the share option reserve.

Notes to the Condensed Consolidated Financial Statements

For the six months ended September 30, 2016

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 and 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 market 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.
- Level 3 inputs are unobservable inputs for the asset or liability.

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

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).

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	September 30, 2016	March 31, 2016		
Foreign currency forward contracts	Assets – HK\$111,000 Liabilities – HK\$3,000	Assets – HK\$ nil Liabilities – HK\$14,000	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.

There were no transfer between Level 1 and 2 for the Group during the six months period ended September 30, 2016.

Notes to the Condensed Consolidated Financial Statements

For the six months ended September 30, 2016

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

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

The directors consider that the carrying amount of financial assets and liabilities recognized in the condensed consolidated financial statements 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.

20. DISCOUNTED OPERATION AND DISPOSAL GROUP HELD FOR SALE

In July 2016, the management of the Group resolved to dispose its interests in Noblehigh Enterprises Inc. ("NEI") and its subsidiaries (together defined as "NEI Group") which operates trading and designing integrated circuits segment. Negotiations with interested parties had subsequently taken place and as part of the disposal plan, the Group entered into a sale and purchase agreement, pursuant to which Willas-Array Investments Limited, a wholly-owned subsidiary of the Company, agreed to acquire 40% interest in its existing 60% subsidiary, NEI, from a third party, Success Advance Limited, at a nominal cash consideration of HK\$1 on August 9, 2016. Immediately after the completion of the acquisition, NEI became a wholly-owned subsidiary of the Company and the difference between the carrying amount of non-controlling interests and the fair value of consideration paid is recognised directly in "other reserve".

As at September 30, 2016, the assets and liabilities attributable to the business, which are expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the condensed consolidated statement of financial position (see below). The net proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognized.

Notes to the Condensed Consolidated Financial Statements

For the six months ended September 30, 2016

20. DISCOUNTED OPERATION AND DISPOSAL GROUP HELD FOR SALE (continued)

On November 4, 2016, the Group entered into a sale and purchase agreement to dispose of its entire interest in the NEI Group, at a cash consideration of HK\$900,000 to a third party. Together with the consideration, inter-group payables of approximately HK\$249,000 owing to continuing operations will be repaid by the buyer.

The (loss) profit for the period from the discontinued trading and designing integrated circuits operations is set out below. The comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income have been restated to re-present the trading and designing integrated circuits operations as a discontinued operation.

	For the six months ended September 30,	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue	411	3,422
Cost of sales	(1,201)	(81)
Other operating income	–	–
Distribution costs	(98)	(375)
Administrative expenses	(947)	(2,203)
Finance costs	(5)	(40)
	<hr/>	<hr/>
(Loss) Profit before tax	(1,840)	723
Income tax expense	(1)	(1)
	<hr/>	<hr/>
(Loss) Profit for the period from discontinued operations	(1,841)	722

Notes to the Condensed Consolidated Financial Statements

For the six months ended September 30, 2016

20. DISCOUNTED OPERATION AND DISPOSAL GROUP HELD FOR SALE (continued)

Profit for the period from discontinued operations include the following:

	For the six months ended September 30,	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Directors' fees	3	6
Directors' remuneration	63	113
Audit fees paid to auditors		
Auditors of the Company	108	219
Other auditors	–	2
Staff costs (excluding directors' remuneration) (Note)	412	1,110
Cost of inventories recognised as expenses	180	1,476
Depreciation of property, plant and equipment	39	125
Net foreign exchange loss (gain)	12	(53)
Allowance for doubtful trade receivables	–	17
Allowance (reversal of allowance) for inventories	973	(1,571)

Note: During the six months ended September 30, 2016 and 2015, there were cost of defined contribution plans amounting to approximately HK\$48,000 and HK\$92,000 respectively, included in staff costs.

Cash flows from discontinued operations are summarised as follows:

	For the six months ended September 30,	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Net cash (outflow) inflow from:		
Operating activities	701	170
Investing activities	(18)	(80)
Financing activities	(2,000)	(3)
Net cash (outflow) inflow	(1,317)	87

Notes to the Condensed Consolidated Financial Statements

For the six months ended September 30, 2016

20. DISCOUNTED OPERATION AND DISPOSAL GROUP HELD FOR SALE (continued)

The major classes of assets and liabilities of the trading and designing integrated circuits operations as at September 30, 2016, which have been presented separately in the condensed consolidated statement of financial position, are as follows:

	As at September 30, 2016 HK\$'000 (Unaudited)
Property, plant and equipment	200
Inventories	1,136
Trade receivables	2
Other receivables and prepayment	722
Income tax recoverable	5
Deferred tax assets	31
Cash and cash equivalents	841
	<hr/>
Total assets classified as held for sale	2,937
	<hr/> <hr/>
Trade and other payables and other liabilities associated with assets classified as held for sale	1,800
	<hr/> <hr/>

The following is an aging analysis of trade payables presented based on the invoice date as at September 30, 2016:

	As at September 30, 2016 HK\$'000 (Unaudited)
Less than 30 days	123
31 to 60 days	–
Over 60 days	31
	<hr/>
	154
	<hr/> <hr/>

Notes to the Condensed Consolidated Financial Statements

For the six months ended September 30, 2016

21. CONTINGENT LIABILITIES

The Company had given corporate guarantees (unsecured) to its banks in respect of banking facilities granted to its subsidiaries. At September 30, 2016, the aggregate banking facilities granted to the subsidiaries were approximately HK\$1,281,875,000 (March 31, 2016: HK\$1,289,875,000) of which HK\$855,657,000 (March 31, 2016: HK\$804,170,000) was utilised and guaranteed by the Company.

At September 30, 2016, the Company had also given guarantees to certain suppliers in relation to the subsidiaries' settlement of the respective payables. The aggregate amounts payable to these suppliers under guarantee were approximately HK\$268,500,000 (March 31, 2016: HK\$274,634,000).

During 2015, the Company had given corporate guarantees (unsecured) to its banks in respect of banking facilities granted to its associates. 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. All of the financial guarantee contracts had been cancelled as at March 31, 2016 and no outstanding guarantees were given thereafter.

The movement of guarantee liabilities are shown as below:

	HK\$'000
At April 1, 2015 (Audited)	730
Recognition of fair values of financial guarantee contracts	1,617
Amortisation of financial liabilities	(2,154)
	<hr/>
At September 30, 2015 (Unaudited)	193
Recognition of fair values of financial guarantee contracts	(91)
Amortisation of financial liabilities	(102)
	<hr/>
At April 1, 2016 (Audited) and September 30, 2016 (Unaudited)	<hr/> <hr/> –

Notes to the Condensed Consolidated Financial Statements

For the six months ended September 30, 2016

22. CAPITAL COMMITMENTS

	As at September 30, 2016 HK\$'000 (Unaudited)	As at March 31, 2016 HK\$'000 (Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	—	561



WILLAS-ARRAY

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