Contents

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
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

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
#13-00 Robinson 77
Singapore 068896

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

INDEPENDENT AUDITORS

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

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 "SEHK").

The board (the "Board") of directors (the "Directors") of the Company 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, 2017, together with the relevant comparative figures.

FINANCIAL HIGHLIGHTS

	For the six months ended September 30,		
	2017	2016	**Change**
	HK$'000	HK$'000	**%**
	(Unaudited)	(Unaudited)	
Continuing operations			
Revenue	**2,354,752**	2,069,937	**+13.8**
Gross profit	**196,727**	153,765	**+27.9**
Profit before tax	**69,385**	20,865	**+232.5**
Profit (loss) attributable to owners of the Company			
– From continuing operations	**60,153**	16,413	**+266.5**
– From discontinued operations	**–**	(1,841)	**NM**
	60,153	14,572	**+312.8**
Basic earnings per share (HK cents)			
– From continuing and discontinued operations	**79.21**	19.30	**+310.4**
– From continuing operations	**79.21**	21.74	**+264.4**

NM: Not meaningful

BUSINESS REVIEW

Revenue – Continuing operations

The Group's sales revenue from continuing operations had increased by 13.8% from HK$2,069.9 million for the six months ended September 30, 2016 ("1H FY2017") to HK$2,354.8 million for the six months ended September 30, 2017 ("1H FY2018").

The Group's long-term strategy of developing the network and engineering services for Automotive and Industrial applications, enabled it to capture the strong and continuous steady demand in Automotive, premium Home Appliance and various energy saving applications. All these segments achieved robust two-digit growth during the period under review.

Turnover by Market Segment Analysis

(in HK$'000)

	1H FY2018		1H FY2017		Increase (Decrease)	
		%		%		%
Continuing operations*						
Telecommunications	**604,410**	**25.7%**	586,061	28.3%	18,349	3.1%
Industrial	**567,429**	**24.1%**	426,648	20.6%	140,781	33.0%
Home Appliance	**300,266**	**12.7%**	258,848	12.5%	41,418	16.0%
Dealer	**232,770**	**9.9%**	269,925	13.0%	(37,155)	(13.8%)
Automotive	**230,301**	**9.8%**	185,143	9.0%	45,158	24.4%
Electronic Manufacturing Services ("EMS")	**140,824**	**6.0%**	92,216	4.5%	48,608	52.7%
Audio and Video	**140,468**	**5.9%**	130,786	6.3%	9,682	7.4%
Lighting	**61,126**	**2.6%**	61,905	3.0%	(779)	(1.3%)
Others	**77,158**	**3.3%**	58,405	2.8%	18,753	32.1%
	2,354,752	**100.0%**	2,069,937	100.0%	284,815	13.8%

* During the year ended March 31, 2017, the Group performed a reclassification of some customers to better reflect the change in the nature of their businesses. This affects mainly the figures in its Dealer, Industrial and EMS segments.

Telecommunications

This segment remained the Group's largest revenue generator in 1H FY2018 contributing sales of HK$604.4 million. The modest growth of 3.1% as compared to the same period last year reflected the softening demand for smartphones in China following the rapid expansion in 2016.

The Group's strategy in this segment is to partner with its strong suppliers so as to maintain a competitive position to fight for more market share. Despite facing conditions of unstable demand and downward price pressures, the Group will further improve its efficiency in the supply chain and closely monitor its inventories to maintain a healthy situation.

Industrial

This segment achieved revenue of HK$567.4 million in 1H FY2018, with a strong growth of 33.0% as compared to the same period last year. In addition to the reclassification of customers, the growth in revenue was mainly attributable to the success of the Group's long-term investment in developing the network and engineering resources in this application segment, which enabled it to capture the strong demand in the expansion of energy saving applications. This further strengthens its confidence in positioning itself as a dedicated engineering solution distributor and investing resources in this application segment continuously.

Home Appliance

Revenue from this segment was HK$300.3 million in 1H FY2018, an increase of 16.0% as compared to the same period last year as the segment continued to enjoy the growth momentum from 2016. With rising demand for higher energy saving standards as well as better and more user-friendly features and functions in premium home appliances, the potential for high quality and advanced functioned electronics components is substantial. The Group is confident of its strategy to provide value-added services and application solutions and will continue to develop more new applications and source new suppliers to take advantage of the growth momentum in this segment.

Dealer

The revenue of this segment was HK$232.8 million in 1H FY2018, a 13.8% drop as compared to the same period last year. The change was mainly due to the reclassification of customers who had changed the nature of their businesses.

The Group expects the business in this segment to remain challenging as the supply chain becomes more direct and transparent with little room for middlemen. The Group's partners also need to transform to be more specialised in certain applications or provide specific value-added services to survive in the market. The Group will continue to work with major suppliers and dealers to secure market share and provide flexible strategies to respond to changing market conditions.

Automotive

Revenue from this segment increased 24.4% to HK$230.3 million in 1H FY2018 as compared to the same period last year. Automotive application has been recognized as a very important area for many electronics components manufacturers that all invest a lot of resources to develop new products and new solutions in the areas of higher safety standard and more features to facilitate the migration to autonomous driving. The potential will further magnify in the new generation of cars, which requires more energy saving electronics and the required supporting infrastructure. The Group is confident of its position in the market and will further strengthen its capabilities in networks building and advanced engineering solution services to secure more business.

EMS

This segment registered a 52.7% increase in revenue in 1H FY2018 as compared to the same period last year to HK$140.8 million. The growth was partially due to the reclassification of customers, and the Group's customers were also able to secure some projects from their end customers in the export market. The Group will continue to provide efficient and effective support and back-up engineering services to its key customers to support them in winning more projects from their end customers.

Audio and Video

Revenue from this segment was HK$140.5 million in 1H FY2018, an increase of 7.4% as compared to the same period last year as the Group continued its focus on high-end audio and portable audio products. Although the scale of the segment has shrunk, the Group had identified more new requirements and applications that needed better and more feature components. The Group's sales, marketing and engineering teams will keep on looking for new applications and source for new products to broaden its offerings and maintain the business in this segment.

Lighting

Revenue from this segment continued its decline in 1H FY2018, falling 1.3% as compared to the same period last year to HK$61.1 million. In response to market conditions, the Group has shifted its focus from consumer application to commercial application, which required more technical know-how and better quality components, which leverages its value-added services and professional solutions.

Others

Despite the instability in customer demand, revenue from this segment rose 32.1% in 1H FY2018 as compared to the same period last year to HK$77.2 million. The increase was mainly attributable to the Group securing a tablet project during the period. The Group continues to believe in the potential of health care, security and renewable energy applications and will continue to keep a close watch on these areas.

Profit Margin – Continuing operations

The Group's gross profit margin increased from 7.4% in 1H FY2017 to 8.4% in 1H FY2018. The improvement of the Group's gross profit margin was due to its emphasis on providing better support services and solutions for its high value-added products in order to secure higher margins.

Distribution Costs – Continuing operations

Distribution costs increased HK$4.8 million, or 22.1%, from HK$21.7 million in 1H FY2017 to HK$26.5 million in 1H FY2018. The increase was mainly due to higher sales incentive expense in line with the increase in sales and gross profit.

Administrative Expenses – Continuing operations

Administrative expenses increased HK$3.1 million, or 3.2%, from HK$97.2 million in 1H FY2017 to HK$100.3 million in 1H FY2018. This was mainly due to an increase in staff cost as a result of a higher average headcount as compared to the same period last year.

Other Gains and Losses – Continuing operations

Other gains of HK$13.1 million in 1H FY2018 included an exchange gain of HK$10.0 million, mainly arising from the appreciation of the Chinese renminbi ("RMB") against the United States dollar ("USD") and a reversal of allowance for doubtful trade receivables of HK$3.0 million. 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 RMB against USD.

Finance Costs – Continuing operations

Finance costs increased by HK$2.4 million, or 20.0%, from HK$11.6 million in 1H FY2017 to HK$14.0 million in 1H FY2018. This was mainly attributable to an increase in trust receipt loans to cope with the increased purchasing activities for the current period.

LIQUIDITY AND FINANCIAL RESOURCES

Financial Position

As compared to the previous financial year ended March 31, 2017, trust receipt loans increased by HK$101.1 million. Trade and bills payables increased from HK$418.6 million as at March 31, 2017 to HK$501.1 million as at September 30, 2017. Both increases were due to the increase in purchasing activities during the period under review. Trade and bills receivables increased by HK$282.0 million when compared to those as at March 31, 2017 due to an increase in sales revenue towards the end of the period under review. The debtors turnover days remained at 2.4 months.

As at September 30, 2017, the Group's current ratio (current assets/current liabilities) was 1.25 (March 31, 2017: 1.27).

Inventories

Inventories decreased from HK$591.7 million as at March 31, 2017 to HK$579.2 million as at September 30, 2017. The inventory turnover days decreased from 2.0 months to 1.6 months.

Cash Flow

As at September 30, 2017, the Group had a working capital of HK$408.6 million, which included a cash balance of HK$388.0 million, compared to a working capital of HK$363.0 million, which included a cash balance of HK$331.3 million as at March 31, 2017. The increase in cash by HK$56.7 million was attributable to the net effect of cash inflow of HK$156.2 million from financing activities and cash outflows of HK$100.6 million in operating activities and HK$1.0 million in investing activities.

Cash inflow from financing activities was attributable to the net effect of increases in trust receipt loans and bank borrowings as a result of increased purchasing activities and the dividend payment to shareholders.

Cash outflow in operating activities was mainly attributable to an increase in trade receivables due to increased sales revenue towards the end of the period under review and a slight increase in average credit period as a result of more sales attributable from customers with a longer credit period.

Borrowings and Banking Facilities

As at September 30, 2017, bank borrowings of HK$190.0 million (March 31, 2017: HK$190.0 million) were unsecured and repayable in quarterly or half-yearly installments ending in the financial year of 2018.

Unsecured bank borrowings bore interest at a weighted average effective rate of 3.25% per annum for fixed rate borrowings and 2.53% per annum for variable rate borrowings as at September 30, 2017.

As at September 30, 2017, trust receipt loans were unsecured and repayable within one year and bore an effective interest rate of 2.23% to 3.45% per annum. As at September 30, 2017, the Group had unutilised banking facilities of HK$313.8 million (March 31, 2017: HK$330.0 million).

As at September 30, 2017, trade receivables amounted to HK$120.9 million (March 31, 2017: HK$24.2 million), which 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$96.6 million (March 31, 2017: HK$19.4 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 its functional currencies. Sales are mainly denominated in 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 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.

Net Gearing Ratio

The net gearing ratio as at September 30, 2017 was 108.1% (March 31, 2017: 94.5%). The net gearing ratio was derived by dividing net debts (representing interest-bearing bank borrowings, trust receipt loans and bills payables minus cash and cash equivalents and restricted bank deposits) by shareholders' equity at the end of a given period. The increase was mainly due to an increase in trust receipt loans from HK$668.6 million to HK$769.6 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, 2017, the aggregate banking facilities granted to the subsidiaries were HK$1,283.3 million (March 31, 2017: HK$1,190.3 million), of which HK$972.7 million (March 31, 2017: HK$863.7 million) was utilised and guaranteed by the Company.

As at September 30, 2017, the Company had also given guarantees to a supplier in relation to the subsidiaries' settlement of the respective payables. The aggregate amount payable to this supplier under guarantee was HK$338.1 million (March 31, 2017: HK$327.1 million).

STRATEGY AND PROSPECTS

China's economy has bottomed out in the first half year of 2017 and has recorded better-than-expected gross domestic product growth of 6.9% on the back of a strong manufacturing sector and healthy domestic consumption. It is expected to grow at similar momentum in the second half of 2017. The Group will focus on growth industries such as the automotive and home appliances segments, which are expected to have an increasing percentage of electronic content in tandem with the rising trend for automation and smart features.

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. In view of its performance in 1H FY2018, the Group is cautiously optimistic about its performance in the year ending March 31, 2018.

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended September 30, 2017 (2016: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at September 30, 2017, the Group had a workforce of 458 full-time employees (March 31, 2017: 444), of which 33.6% worked in Hong Kong, 62.7% in the PRC and the remainder in Taiwan.

The Group actively pursues a strategy of recruiting, retaining and developing talented employees by (i) providing them with regular training programmes to ensure that they are kept abreast of the latest information pertaining to the products distributed by the Group, technological developments and market conditions of the electronics industry; (ii) aligning employees' compensation and incentives 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 Board reviews and determines the remuneration and compensation packages of the Directors and senior management of the Company by reference to the salaries paid by comparable companies, their time commitment and responsibilities and the performance of the Group.

Disclosure of Interests

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

As at September 30, 2017, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")), which were required: (i) to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) 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 SEHK, 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 SEHK (the "HK Listing Rules") were as follows:

Long position in the Shares

	Number of Shares Held				
Name of Directors/ Chief Executive	**Beneficial owner**	**Interest of spouse**	**Beneficiary of a trust**	**Interest in a controlled corporation**	**Approximate Percentage of Total Shareholding in the Company[3] (%)**
Leung Chun Wah [1] ("Mr. Leung")	1,118,300	731,940	18,099,830	–	26.13
Kwok Chan Cheung [2] ("Mr. Kwok")	34,000	–	–	7,895,554	10.39
Hon Kar Chun	292,800	–	–	–	0.38
Leung Hon Shing	249,840	–	–	–	0.33

Notes:

(1) Mr. Leung, being the chairman of the Board (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 ("HSBC Nominees") 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 (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.

(3) The percentage represents the total number of the Shares interested divided by the number of issued Shares as at September 30, 2017 (i.e. 76,340,960 Shares).

Save as disclosed above, as at September 30, 2017, none of the Directors or the chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required: (i) to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO; or (ii) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (iii) to be notified to the Company and the SEHK pursuant to the HK Model Code.

Disclosure of Interests

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

As at September 30, 2017, 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 Schemes (as defined below), the following persons or corporations (other than a Director or the chief executive of the Company), who/which had interests or short positions in the Shares or underlying Shares, which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which 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

	Number of Shares Held				
Name of Shareholders	**Beneficial owner**	**Interest of spouse**	**Trustee**	**Interest of controlled corporations**	**Approximate Percentage of Total Shareholding in the Company[7] (%)**
Cheng Wai Yin, Susana [1]	731,940	19,118,130	–	–	26.00
Max Power [2]	18,099,830	–	–	–	23.71
HSBC Trustee [2]	–	–	18,099,830	–	23.71
Global Success [3]	7,895,554	–	–	–	10.34
Yeo Seng Chong [4]	300,000	500,000	–	6,449,904	9.50
Lim Mee Hwa [4]	500,000	300,000	–	6,449,904	9.50
Yeoman Capital Management Pte Ltd ("YCMPL") [5]	75,000	–	–	6,374,904	8.45
Yeoman 3-Rights Value Asia Fund ("Yeoman 3-Rights") [6]	6,249,904	–	–	–	8.19
Hung Yuk Choy	5,286,918	–	–	–	6.93

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 Nominees 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 Nominees 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 300,000 Shares directly in his own name and his wife, Ms. Lim Mee Hwa owns 500,000 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 75,000 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 and Yeoman Client 1.

(6) Yeoman 3-Rights owns 6,249,904 Shares directly in its own name.

(7) The percentage represents the total number of the Shares interested divided by the number of issued Shares as at September 30, 2017 (i.e. 76,340,960 Shares).

Save as disclosed above, as at September 30, 2017, 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 SCHEMES

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") (collectively, the "Share Option Schemes") to grant share options to eligible employees, including the executive directors of the Group.

ESOS II

During the six months ended September 30, 2017, share options holders under ESOS II exercised part of their share options and subscribed for 204,000 Shares, 483,000 Shares and 148,000 Shares of HK$1.00 each at an exercise price of S$0.335 per Share on June 19, 2017, June 28, 2017 and July 11, 2017, respectively. The weighted average closing price of the Shares immediately before the dates on which the options were exercised was S$0.758 per Share.

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

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

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, 2017 (the "Period") and the share options granted, exercised, lapsed and cancelled during the Period were as follows:

		Number of underlying Shares comprised in share options							
Name or Category of participants	Date of grant	Balance as at April 1, 2017	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	Balance as at September 30, 2017	Exercise price per Share	Exercise period
Employees in aggregate	October 2, 2009	836,600	-	(835,000)	-	-	1,600	S$0.335	October 2, 2011 to October 1, 2019

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

On July 17, 2017, the Company granted share options exercisable for 3,165,000 Shares of HK$1.00 each to certain eligible employees under ESOS III with an exercise price of HK$4.30 per Share. The closing price of the Shares immediately before the date on which the options were granted was HK$4.07 per Share. The period for the exercise of an option will commence after the first anniversary of the date of grant and expiring on the tenth anniversary of such date of grant. Fair values of the share options under ESOS III were calculated using the Binomial option pricing model.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended September 30, 2017, 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, 2017, the Company has complied with all the code provisions set out in the Corporate Governance Code (the "HK CG Code") as contained in Appendix 14 to the HK Listing Rules.

In the event of any conflict among the HK CG Code, the Code of Corporate Governance 2012 of Singapore 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 adequateness of the Company's corporate governance practices.

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 each of the Directors, all of them confirmed that they had complied with the required standards as set out in the HK Model Code throughout the six months ended September 30, 2017.

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 independent non-executive Directors, namely Jovenal R. Santiago (committee chairman), Wong Kwan Seng, Robert and Iu Po Chan, Eugene. The Group's unaudited interim results and this interim report for the six months ended September 30, 2017 have been reviewed by the Audit Committee.

Report on Review of Condensed Consolidated Financial Statements

Deloitte. 德勤

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

INTRODUCTION

We have reviewed the 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 19 to 48, which comprises the condensed consolidated statement of financial position as of September 30, 2017 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 10, 2017

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended September 30, 2017

	Notes	For the six months ended September 30, 2017 HK$'000 (Unaudited)	2016 HK$'000 (Unaudited)
Continuing operations			
Revenue	3	**2,354,752**	2,069,937
Cost of sales		**(2,158,025)**	(1,916,172)
Gross profit		**196,727**	153,765
Other operating income		**344**	2,687
Distribution costs		**(26,484)**	(21,686)
Administrative expenses		**(100,302)**	(97,184)
Other gains and losses		**13,053**	(5,094)
Finance costs		**(13,953)**	(11,623)
Profit before tax		**69,385**	20,865
Income tax expenses	4	**(9,232)**	(4,965)
Profit for the period from continuing operations	5	**60,153**	15,900
Discontinued operations			
Loss for the period from discontinued operations	20	**–**	(1,841)
Profit for the period		**60,153**	14,059
Other comprehensive income (expense):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**8,409**	(5,850)
Other comprehensive income (expense) for the period, net of tax		**8,409**	(5,850)
Total comprehensive income for the period		**68,562**	8,209

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended September 30, 2017

	Note	**For the six months ended September 30, 2017** HK$'000 (Unaudited)	2016 HK$'000 (Unaudited)
Profit (loss) for the period attributable to owners of the Company:			
– from continuing operations		**60,153**	16,413
– from discontinued operations		**–**	(1,841)
Profit for the period attributable to owners of the Company		**60,153**	14,572
Loss for the period attributable to non-controlling interests from continuing operations		**–**	(513)
		60,153	14,059
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**68,562**	8,722
Non-controlling interests		**–**	(513)
		68,562	8,209
Earnings per share	7		
From continuing and discontinued operations			
– Basic (HK cents)		**79.21**	19.30
– Diluted (HK cents)		**79.00**	19.21
From continuing operations			
– Basic (HK cents)		**79.21**	21.74
– Diluted (HK cents)		**79.00**	21.64

Condensed Consolidated Statement of Financial Position

As at September 30, 2017

	Notes	As at September 30, 2017 HK$'000 (Unaudited)	As at March 31, 2017 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	8	**234,921**	232,774
Prepaid lease payments - non-current		**563**	569
Interests in associates	12	**–**	–
Available-for-sale investments		**2,001**	2,001
Restricted bank deposits		**2,353**	2,260
Long-term deposits		**185**	335
Deferred tax assets	9	**163**	168
Total non-current assets		**240,186**	238,107
Current assets			
Inventories		**579,193**	591,741
Trade and bills receivables	10	**1,047,994**	766,000
Other receivables and prepayment – current		**9,231**	8,338
Prepaid lease payments – current		**12**	12
Income tax recoverable		**–**	576
Derivative financial instruments		**–**	62
Cash and cash equivalents		**388,042**	331,255
Total current assets		**2,024,472**	1,697,984
Total assets		**2,264,658**	1,936,091

Condensed Consolidated Statement of Financial Position

As at September 30, 2017

	Notes	As at September 30, 2017 HK$'000 (Unaudited)	As at March 31, 2017 HK$'000 (Audited)
LIABILITIES AND EQUITY			
Current liabilities			
Trade and bills payables	13	**501,120**	418,615
Income tax payable		**9,677**	1,916
Trust receipt loans	14	**769,623**	668,554
Bank borrowings	15	**286,584**	209,354
Other payables		**48,654**	36,513
Derivative financial instruments		**171**	2
Total current liabilities		**1,615,829**	1,334,954
Net current assets		**408,643**	363,030
Total assets less current liabilities		**648,829**	601,137
Capital and reserves			
Share capital	16	**76,341**	75,506
Reserves		**548,776**	502,366
Equity attributable to owners of the Company		**625,117**	577,872
Non-current liabilities			
Deferred tax liabilities	9	**23,590**	23,005
Derivative financial instruments		**122**	260
Total non-current liabilities		**23,712**	23,265
Total liabilities and equity		**2,264,658**	1,936,091

Condensed Consolidated Statement of Changes in Equity

For the six months ended September 30, 2017

	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, 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 (loss) 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
Balance at April 1, 2017 (Audited)	**75,506**	**194,378**	**16,525**	**89,922**	**(2,218)**	**(3,561)**	**207,320**	**577,872**	**–**	**577,872**
Total comprehensive income for the period:										
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**60,153**	**60,153**	**–**	**60,153**
Other comprehensive income for the period, net of income tax	**–**	**–**	**–**	**–**	**8,409**	**–**	**–**	**8,409**	**–**	**8,409**
Total	**–**	**–**	**–**	**–**	**8,409**	**–**	**60,153**	**68,562**	**–**	**68,562**
Transactions with owners, recognised directly in equity:										
Exercise of share options	**835**	**740**	**–**	**–**	**–**	**–**	**–**	**1,575**	**–**	**1,575**
Recognition of equity-settled share-based payments	**–**	**774**	**–**	**–**	**–**	**–**	**–**	**774**	**–**	**774**
Dividend paid (*Note 6*)	**–**	**–**	**–**	**–**	**–**	**–**	**(23,666)**	**(23,666)**	**–**	**(23,666)**
Transfer of statutory reserve	**–**	**–**	**519**	**–**	**–**	**–**	**(519)**	**–**	**–**	**–**
Total	**835**	**1,514**	**519**	**–**	**–**	**–**	**(24,185)**	**(21,317)**	**–**	**(21,317)**
Balance at September 30, 2017 (Unaudited)	**76,341**	**195,892**	**17,044**	**89,922**	**6,191**	**(3,561)**	**243,288**	**625,117**	**–**	**625,117**

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

Condensed Consolidated Statement of Cash Flows

For the six months ended September 30, 2017

	For the six months ended September 30, 2017 HK$'000 (Unaudited)	2016 HK$'000 (Unaudited)
Net cash used in operating activities	**(100,595)**	(143,585)
Net cash used in investing activities		
Purchase of property, plant and equipment	**(1,295)**	(1,389)
Placement of restricted bank deposits	**–**	(2,256)
Proceeds from disposal of property, plant and equipment	**320**	62
	(975)	(3,583)
Net cash from financing activities		
Dividend paid to shareholders	**(23,666)**	–
Proceeds from exercise of share options	**1,575**	–
Repayment of trust receipt loans	**(1,296,191)**	(1,111,354)
Proceeds from trust receipt loans	**1,397,260**	1,174,468
Repayment of bank borrowings	**(353,207)**	(307,087)
Proceeds from bank borrowings	**430,437**	301,480
	156,208	57,507
Net increase (decrease) in cash and cash equivalents	**54,638**	(89,661)
Cash and cash equivalents at beginning of the period	**331,255**	482,601
Effects of exchange rate changes on the balance of cash held in foreign currencies	**2,149**	(1,422)
Cash and cash equivalents at end of the period		
– Bank balance and cash	**388,042**	390,677
– Bank balance and cash classified as held for sale	**–**	841
	388,042	391,518

1. BASIS OF PREPARATION

Willas-Array Electronics (Holdings) Limited (the "Company") was incorporated in Bermuda on August 3, 2000 as an exempted company with limited liability under the Companies Act 1981 of Bermuda with its registered office at 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 investment holding and the Company's subsidiaries 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 "HK Listing Rules").

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 accounting policies adopted and methods of computation used in the condensed consolidated financial statements for the six months ended September 30, 2017 are consistent with those followed in the preparation of the Group's audited financial statements for the year ended March 31, 2017 and the adoption of these new and revised International Financial Reporting Standards ("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.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

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 IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IFRS 12	As part of the Annual Improvements to IFRSs 2014- 2016 Cycle

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.

Additional disclosures about changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes on application of amendments to IAS 7 will be provided in the consolidated financial statements for the year ending March 31, 2018.

3. SEGMENT INFORMATION

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

- Southern China Region
- Northern China Region
- Taiwan

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

During the current period, the CODM focuses on gross profits earned by each segment. Other operating income, distribution costs, administrative expenses, other gains and losses and finance costs are excluded from segment results and accordingly the comparative figures have been represented.

The operating segment regarding trading and designing integrated circuits was discontinued during the six months ended September 30, 2016. 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.

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, 2017 (Unaudited)

Continuing operations

	Trading of electronic components				Elimination	Continuing operations
	Southern China Region HK$'000	Northern China Region HK$'000	Taiwan HK$'000	Sub-total HK$'000	HK$'000	Total HK$'000
Revenue						
Sales – external	1,178,035	1,116,359	60,358	2,354,752	–	2,354,752
Sales – inter-company	294,440	170,057	537	465,034	(465,034)	–
Net sales	1,472,475	1,286,416	60,895	2,819,786	(465,034)	2,354,752
Cost of sales	1,366,792	1,200,716	55,551	2,623,059	(465,034)	2,158,025
Gross profit/segment results	105,683	85,700	5,344	196,727	–	196,727
Other operating income						344
Distribution costs						(26,484)
Administrative expenses						(100,302)
Other gains and losses						13,053
Finance costs						(13,953)
Profit before tax						69,385
Income tax expenses						(9,232)
Profit attributable to owners of the Company						60,153

3. SEGMENT INFORMATION (continued)

Six months ended September 30, 2016 (Unaudited and restated)

Continuing operations

	Trading of electronic components				Elimination	Continuing operations
	Southern China Region HK$'000	Northern China Region HK$'000	Taiwan HK$'000	Sub-total HK$'000	HK$'000	Total HK$'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/segment results	88,436	61,635	2,978	153,049	716	153,765
Other operating income						2,687
Distribution costs						(21,686)
Administrative expenses						(97,184)
Other gains and losses						(5,094)
Finance costs						(11,623)
Profit before tax						20,865
Income tax expenses						(4,965)
Profit for the period						15,900
Loss for the period attributable to non-controlling interests						513
Profit attributable to owners of the Company						16,413

The management monitors the Group's assets and liabilities in one pool, which is more efficient and effective. Accordingly, no segment assets and liabilities information was presented to the CODM.

4. INCOME TAX EXPENSES

	For the six months ended September 30,	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Continuing operations		
The income tax charge comprises:		
Current Tax		
– Hong Kong	**7,934**	5,241
– PRC Enterprise Income Tax (the "EIT")	**378**	378
– Taiwan	**802**	136
	9,114	5,755
Under (over) provision in prior periods		
– PRC EIT	**3**	–
– Taiwan	**(1)**	5
	2	5
Deferred tax		
Current period *(Note 9)*	**116**	(795)
	9,232	4,965

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

Under the Law of the PRC on EIT (the "EIT Law") and the Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. The tax rate of the Taiwan subsidiary is 17%.

5. PROFIT FOR THE PERIOD

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

	For the six months ended September 30,	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Continuing operations		
Directors' fees	**521**	515
Directors' remuneration *(Note i)*	**6,202**	5,229
Audit fees paid to auditors		
Auditor of the Company	**1,049**	983
Other auditors	**121**	63
Non-audit fees paid to auditors		
Auditor of the Company	**292**	286
Staff costs (excluding directors' remuneration) *(Note i)*	**71,628**	64,100
Amortisation of prepaid lease payments	**6**	6
Cost of inventories recognised as expenses *(Note ii)*	**2,158,025**	1,916,172
Depreciation of property, plant and equipment	**5,357**	6,281
Gain on disposal of property, plant and equipment	**(120)**	(61)
Net foreign exchange (gain) loss	**(10,026)**	5,277
Net loss (gain) on fair value changes of derivative financial instruments	**93**	(122)
Share-based payment expenses	**774**	–
Reversal of allowance for doubtful trade receivables	**(3,000)**	–
Interest income from bank deposits	**(304)**	(447)

Notes:

(i) During the six months ended September 30, 2017 and 2016, there were cost of defined contribution plans amounting to approximately HK$8,515,000 and HK$7,972,000 respectively, included in staff costs and directors' remuneration.

(ii) During the six months ended September 30, 2017 and 2016, the amount included allowance for inventories amounting to approximately HK$8,808,000 and HK$5,910,000 respectively.

6. DIVIDENDS

During the six months ended September 30, 2017, a final dividend of HK31.0 cents per share was declared and distributed to the shareholders in respect of the year ended March 31, 2017 (2016: nil). The aggregate amount of the final dividend distributed and paid in the current period amounted to approximately HK$23,666,000 (2016: HK$ nil).

The directors of the Company have resolved not to declare any interim dividend for the six months ended September 30, 2017 (2016: nil).

7. EARNINGS PER SHARE

From continuing and discontinued operations

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

	For the six months ended September 30,	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**60,153**	14,572

7. EARNINGS PER SHARE (continued)

	For the six months ended September 30,	
	2017	2016
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**75,939**	75,506
Effect of dilutive potential ordinary shares:		
Options	**207**	351
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**76,146**	75,857

From continuing operations

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

Earnings figures are calculated as follows:

	For the six months ended September 30,	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company	**60,153**	14,572
Less: Loss for the period from discontinued operations	**–**	1,841
Earnings for the purposes of basic and diluted earnings per share from continuing operations	**60,153**	16,413

7. EARNINGS PER SHARE (continued)

Diluted earnings per share for the six months ended September 30, 2017 did not assume the exercise of certain share options since the adjusted exercise price is higher than the average share price for the six months ended September 30, 2017.

From discontinued operations

There is no basic earnings (loss) per share or diluted earnings (loss) per share from the discontinued operations for the current period. For the six months ended September 30, 2016, basic and diluted loss per share from the discontinued operations are HK2.44 cents per share, based on the loss for the period from discontinued operations attributable to owners of the Company of approximately HK$1,841,000 and the denominators detailed above for both basic and diluted loss per share.

8. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK$1,295,000 (2016: HK$1,389,000) 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$200,000 (2016: HK$1,000), resulting in a gain of approximately HK$120,000 (2016: HK$61,000).

9. DEFERRED TAX

The following are major deferred tax assets (liabilities) recognised and movements thereon during the current and preceding interim 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, 2016 (Audited)	(23,228)	(1,056)	680	(963)	(24,567)
Credit (charge) to profit or loss	401	161	(2)	234	794
Currency realignment	366	–	–	–	366
Balance at September 30, 2016 (Unaudited)	(22,461)	(895)	678	(729)	(23,407)
Balance at March 31, 2017 (Audited)	(21,724)	(877)	365	(601)	(22,837)
(Charge) credit to profit or loss	395	48	–	(559)	(116)
Currency realignment	(474)	–	–	–	(474)
Balance at September 30, 2017 (Unaudited)	**(21,803)**	**(829)**	**365**	**(1,160)**	**(23,427)**

9. 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. The surtax paid limited to 5% (2016: 5%) 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.

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$17,281,000 (March 31, 2017: HK$7,943,000) 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, 2017 HK$'000 (Unaudited)	As at March 31, 2017 HK$'000 (Audited)
Deferred tax assets	**163**	168
Deferred tax liabilities	**(23,590)**	(23,005)
	(23,427)	(22,837)

Subject to the agreement by the tax authorities, at September 30, 2017, the Group has unutilised tax losses of approximately HK$23,901,000 (March 31, 2017: HK$40,833,000) available for offset against future profits. None of such losses as at September 30, 2017 (March 31, 2017: HK$ nil) has been recognised as a deferred tax asset due to the unpredictability of future profit streams. Include in unused tax losses are loss of HK$8,630,000 (March 31, 2017: HK$8,424,000) that may be carried forward indefinitely. Other tax losses will be expired within 5 years since the year they incurred.

10. TRADE AND BILLS RECEIVABLES

	As at September 30, 2017 HK$'000 (Unaudited)	As at March 31, 2017 HK$'000 (Audited)
Trade receivables	**1,005,794**	734,890
Less: allowance for doubtful debts	**(5,279)**	(8,162)
Net trade receivables	**1,000,515**	726,728
Bills receivables	**47,479**	39,272
	1,047,994	766,000

Bills receivables represent bank drafts received from customers that are non-interest bearing and due within 180 days.

The Group allows an average credit period of 64 days (March 31, 2017: 62 days) to its trade customers. 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, 2017 HK$'000 (Unaudited)	As at March 31, 2017 HK$'000 (Audited)
Within 60 days	**673,522**	514,883
61 to 90 days	**187,646**	105,159
Over 90 days	**139,347**	106,686
	1,000,515	726,728

10. 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, 2017 HK$'000 (Unaudited)	As at March 31, 2017 HK$'000 (Audited)
Within 60 days	**30,344**	25,537
61 to 180 days	**17,135**	13,735
	47,479	39,272

11. TRANSFERS OF FINANCIAL ASSETS

As at September 30, 2017, trade receivables amounted to approximately HK$120,909,000 (March 31, 2017: HK$24,193,000), which 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$96,584,000 (March 31, 2017: HK$19,354,000). These financial assets are carried at amortised cost in the Group's condensed consolidated statement of financial position.

12. INTERESTS IN ASSOCIATES

	At September 30, 2017 HK$'000 (Unaudited)	At March 31, 2017 HK$'000 (Audited)
Cost of interests in associates	**98,000**	98,000
Deemed capital contribution *(Note)*	**9,016**	9,016
Share of post-acquisition reserves	**(36,936)**	(36,936)
	70,080	70,080
Impairment	**(70,080)**	(70,080)
	–	–

Note: The Group 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. Deemed capital contribution represents the fair value of financial guarantee contracts granted to the associates at initial recognition.

13. TRADE AND BILLS PAYABLES

	As at September 30, 2017 HK$'000 (Unaudited)	As at March 31, 2017 HK$'000 (Audited)
Trade payables	**491,256**	416,896
Bills payables	**9,864**	1,719
	501,120	418,615

Bills payables of the Group are aged within 30 days (March 31, 2017: 30 days).

13. TRADE AND BILLS PAYABLES (continued)

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, 2017 HK$'000 (Unaudited)	As at March 31, 2017 HK$'000 (Audited)
Within 30 days	**359,197**	335,965
31 to 60 days	**131,972**	80,931
Over 60 days	**87**	–
	491,256	416,896

14. TRUST RECEIPT LOANS

The trust receipt loans are unsecured, bear effective interest ranging from 2.23% to 3.45% (March 31, 2017: 2.38% to 3.20%) per annum and are repayable within one year.

At September 30, 2017, the Group's trust receipt loans with carrying amount of approximately HK$228,890,000 (March 31, 2017: HK$127,760,000) are required to comply with certain loan covenants. The Group has complied with the loan covenants for both periods.

15. BANK BORROWINGS

During the current interim period, the Group obtained new bank loans of approximately HK$430,437,000 (2016: HK$301,480,000).

In addition, the Group repaid bank loans of approximately HK$353,207,000 (2016: HK$307,087,000) during the current interim period.

15. BANK BORROWINGS (continued)

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, 2017 (Unaudited)	As at March 31, 2017 (Audited)
Weighted average effective interest rate:		
– fixed rate borrowings	**3.25%**	3.42%
– variable rate borrowings	**2.53%**	2.41%

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, 2017 HK$'000 (Unaudited)	As at March 31, 2017 HK$'000 (Audited)
United States dollars	**85,133**	16,098

16. SHARE CAPITAL

	Number of shares '000	Share capital HK$'000
Authorised:		
At April 1, 2016 (Audited), September 30, 2016 (Unaudited), April 1, 2017 (Audited) and September 30, 2017 (Unaudited)		
– Ordinary shares of HK$1.00 each	120,000	120,000
Issued and paid up:		
At April 1, 2016 (Audited), September 30, 2016 (Unaudited) and April 1, 2017 (Audited)		
– Ordinary shares of HK$1.00 each	75,506	75,506
Exercise of share options	835	835
At September 30, 2017 (Unaudited)		
– Ordinary shares of HK$1.00 each	**76,341**	**76,341**

17. SHARE-BASED PAYMENTS

The Company had adopted the Willas-Array Electronics Employee Share Option Scheme II ("ESOS II") and the Willas-Array Electronics Employee Share Option Scheme III ("ESOS III") to grant share options to eligible employees, including the executive directors of the Company and its subsidiaries. Details of the share options schemes were disclosed in the Group's annual financial statements for the year ended March 31, 2017.

ESOS II

During the six months ended September 30, 2017, share options holders under ESOS II exercised part of their share options and subscribed for 204,000 shares, 483,000 shares and 148,000 shares of HK$1.00 each of the Company at an exercise price of Singapore dollars $0.335 per share on June 19, 2017, June 28, 2017 and July 11, 2017, respectively. The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was Singapore dollars $0.758 per share.

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

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

	Number of share options
Outstanding at April 1, 2016 (Audited), September 30, 2016 (Unaudited) and April 1, 2017 (Audited)	836,600
Exercised during the period	(835,000)
Outstanding at September 30, 2017 (Unaudited)	**1,600**

17. SHARE-BASED PAYMENTS - CONTINUED (continued)

ESOS III

On July 17, 2017, the Company granted share options exercisable for 3,165,000 ordinary shares of HK$1.00 each of the Company to certain eligible employees under ESOS III with an exercise price of HK$4.30 per share. The period for the exercise of an option will commence after the first anniversary of the date of grant and expiring on the tenth anniversary of such date of grant. The total estimated fair value as at the date of grant was approximately HK$3,891,000. Fair values of the share options under ESOS III were calculated using the Binomial option pricing model. The inputs into the model were as follows:

Grant date	July 17, 2017
Valuation date	July 17, 2017
Share price at valuation date	HK$4.07
Exercise price	HK$4.30
Expected volatility	48.41%
Risk-free rate	1.49%
Expected dividend yield	7.62%
Exercisable period	9 years
Fair value per option	HK$1.23

During the current interim period, share-based payment expenses of approximately HK$774,000 (2016: HK$ nil) have been recognised in profit or loss.

18. RELATED PARTY TRANSACTIONS

The Group entered into the following transactions with associates:

	For the six months ended September 30,	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Continuing operations		
Other income	**–**	90
Management fee received	**–**	309

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

	As at September 30, 2017	As at March 31, 2017
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Other receivables from associates	**532**	532
Less: Impairment	**(532)**	(532)
	–	–

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

18. RELATED PARTY TRANSACTIONS (continued)

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the six months ended September 30, 2017 and 2016 were as follows:

	For the six months ended September 30,	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Short-term benefits	**10,112**	9,026
Post-employment benefits	**661**	661
Other long-term benefits	**623**	623
	11,396	10,310

The remuneration of directors and key management is determined by the Group's remuneration committee having regard to the performance of individuals and market trends.

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, 2017 (Unaudited)	March 31, 2017 (Audited)		
Foreign currency forward contracts	**Assets – HK$nil Liabilities – HK$293,000**	Assets – HK$62,000 Liabilities – HK$262,000	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, 2017.

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. DISCONTINUED OPERATIONS

In July 2016, the management of the Group resolved to dispose of its interests in Noblehigh Enterprises Inc. ("NEI") and its subsidiaries (together defined as "NEI Group") which operates trading and designing integrated circuits segment. 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%-owned 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 was recognised directly in "other reserve". Subsequent to the completion of the acquisition, negotiations with interested parties had taken place. 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 (the "Disposal"). The Disposal was completed on November 4, 2016, on which date control of the NEI Group was passed to the acquirer. The reason for the Disposal was that the Group can focus on core segments with more potential to grow.

The results of the discontinued trading and designing integrated circuits operations for the six months ended September 30, 2016, which were included in the condensed consolidated statement of profit or loss and other comprehensive income, were as follows:

	For the six months ended September 30, 2016 HK$'000 (Unaudited)
Revenue	411
Cost of sales	(1,201)
Distribution costs	(98)
Administrative expenses	(935)
Other gains and losses	(12)
Finance costs	(5)
Loss before tax	(1,840)
Income tax expense	(1)
Loss for the period from discontinued operations	(1,841)

20. DISCONTINUED OPERATIONS (continued)

Loss for the period from discontinued operations include the following:

	For the six months ended September 30, 2016 HK$'000 (Unaudited)
Directors' fees	3
Directors' remuneration	63
Audit fees paid to auditors	108
Staff costs (excluding directors' remuneration) *(Note i)*	412
Cost of inventories recognised as expenses *(Note ii)*	1,201
Depreciation of property, plant and equipment	39
Net foreign exchange loss	12

Notes:

(i) During the six months ended September 30, 2016, there were cost of defined contribution plans amounting to approximately HK$48,000 included in staff costs.

(ii) During the six months ended September 30, 2016, the amount included allowance for inventories amounting to approximately HK$973,000.

Cash flows from discontinued operations are summarised as follows:

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