

(Incorporated in Bermuda with limited liability)

(Hong Kong stock code: 854)

(Singapore stock code: BDR)

Interim Report 2025



Contents

CORPORATE INFORMATION	2
FINANCIAL HIGHLIGHTS	4
MANAGEMENT DISCUSSION AND ANALYSIS	5
DISCLOSURE OF INTERESTS	14
CORPORATE GOVERNANCE AND OTHER INFORMATION	17
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	19
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	21
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	23
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	25
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	26

Corporate Information

DIRECTORS

Executive Directors

Xie Lishu (*Chairman*)
Fan Qinsheng

Non-executive Director

Huang Shaoli

Independent Non-executive Directors

Chong Eng Wee (*Lead Independent Director*)
Lau Chin Huat
Tso Sze Wai
Jiang Maolin

COMPANY SECRETARY

Chan Lai Yee

AUDIT COMMITTEE

Lau Chin Huat (*Chairman*)
Chong Eng Wee
Tso Sze Wai
Jiang Maolin

NOMINATION COMMITTEE

Chong Eng Wee (*Chairman*)
Huang Shaoli (*appointed with effect from
June 30, 2025*)
Lau Chin Huat
Tso Sze Wai
Jiang Maolin

REMUNERATION COMMITTEE

Tso Sze Wai (*Chairman*)
Chong Eng Wee
Lau Chin Huat
Jiang Maolin

COMPLIANCE COMMITTEE

Jiang Maolin (*Chairman*)
Chong Eng Wee
Lau Chin Huat
Tso Sze Wai

EMPLOYEE SHARE OPTION SCHEME COMMITTEE

Xie Lishu (*Chairman*)
Tso Sze Wai

AUTHORISED REPRESENTATIVES

Fan Qinsheng
Chan Lai Yee

REGISTERED OFFICE

Victoria Place, 5/F
31 Victoria Street
Hamilton HM10
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

Ocorian Management (Bermuda) Limited
Victoria Place, 5/F
31 Victoria Street
Hamilton HM10
Bermuda

Corporate Information

SINGAPORE SHARE TRANSFER AGENT

Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
Keppel Bay Tower
#14-03/07
Singapore 098632

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

INDEPENDENT AUDITOR

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

COMPANY WEBSITE

www.willas-array.com.cn

LISTING INFORMATION

Place of Listing

Main Board of The Stock Exchange of Hong Kong
Limited
Main Board of Singapore Exchange Securities
Trading Limited

Stock Code

Hong Kong: 854
Singapore: BDR

Board Lot

Hong Kong: 1,000 shares
Singapore: 100 shares

Financial Highlights

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 issued 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 of directors of the Company (the “Directors” and the “Board”, respectively) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”, “We” or “Our”) for the six months ended June 30, 2025, together with the comparative figures for the six months ended June 30, 2024 as follows:

FINANCIAL HIGHLIGHTS

	For the six months ended June 30,		Change %
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)	
Revenue	1,158,844	1,183,468	-2.1
Gross profit	113,719	35,172	NM
Profit (loss) before tax	19,653	(78,075)	NM
Profit (loss) attributable to owners of the Company	20,726	(78,564)	NM
Basic earnings (loss) per share (HK cents)	23.63	(89.64)	NM

NM – Not Meaningful

Management Discussion and Analysis

BUSINESS REVIEW

The Group recorded its profit to approximately HK\$20.7 million for the six months ended June 30, 2025 ("1H FY2025") as compared to a loss of approximately HK\$78.6 million for the six months ended June 30, 2024 ("1H FY2024"). The significant improvement in the Group's financial performance during the 1H FY2025 is mainly attributable to:

- (i) general improvement in gross profit margin during 1H FY2025 as compared with 1H FY2024;
- (ii) net impairment reversals of certain trade receivables of the Group in 1H FY2025 as compared to net impairment losses in 1H FY2024; and
- (iii) net reversal of allowance for inventory for 1H FY2025 as compared to stock provision made for the slow-moving inventories in 1H FY2024.

Revenue

The Group's revenue decreased by 2.1% to HK\$1,158.8 million in 1H FY2025 as compared to HK\$1,183.5 million in 1H FY2024. This was due to a decline in sales across all its segments except for the Automotive and Others segments.

Revenue by Market Segment Analysis

	1H FY2025		1H FY2024		Increase/(Decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Automotive	332,102	28.7%	306,867	25.9%	25,235	8.2%
Industrial	298,886	25.8%	307,124	26.0%	(8,238)	-2.7%
Home Appliance	190,322	16.4%	195,834	16.6%	(5,512)	-2.8%
Electronic Manufacturing Services ("EMS")	101,819	8.8%	103,588	8.7%	(1,769)	-1.7%
Dealer	79,792	6.9%	90,004	7.6%	(10,212)	-11.4%
Audio and Video	64,179	5.5%	77,567	6.5%	(13,388)	-17.3%
Telecommunications	63,527	5.5%	71,903	6.1%	(8,376)	-11.7%
Lighting	14,939	1.3%	18,821	1.6%	(3,882)	-20.6%
Others	13,278	1.1%	11,760	1.0%	1,518	12.9%
	1,158,844	100.0%	1,183,468	100.0%	(24,624)	-2.1%

Management Discussion and Analysis

Automotive

Revenue from the Automotive segment increased by approximately 8.2% to HK\$332.1 million in 1H FY2025. During the reporting period, following a year of strategic market deployment, we achieved significant progress in the Automotive Segment. The market share of key clients steadily expanded, and robust partnerships were established and deepened with leading domestic automotive manufacturers. Concurrently, we built a resilient collaborative network across tier-1 and tier-2 supply chains. These initiatives effectively propelled the segment's sustained growth performance.

Industrial

The Industrial segment recorded revenue of HK\$298.9 million in 1H FY2025, representing a decrease of approximately 2.7% compared to the same period last year. During the reporting period, the overall industrial segment maintained its upward growth momentum, achieving double-digit growth. However, the performance of the Company's industrial segment experienced a decline, primarily due to the strategic optimization and adjustment of cooperation with a major client. As the business with this client yielded relatively low profit margins and posed potential credit risks, we have suspended new cooperation to safeguard the overall operational quality.

Home Appliance

The Home Appliance segment, recorded sales of HK\$190.3 million in 1H FY2025, representing a decrease of approximately 2.8% as compared to 1H FY2024. During the reporting period, prolonged inventory clearance cycles and slower order fulfillment from core clients were observed primarily due to overstocking among downstream home appliance customers over the past year.

EMS

Revenue from this segment decreased approximately 1.7% to HK\$101.8 million in 1H FY2025. The segment experienced business contraction following the end-of-life (EOL) phase of a major client's OEM project.

Dealer

The Dealer segment recorded revenue of HK\$79.8 million in 1H FY2025, representing a decrease of approximately 11.4% as compared to 1H FY2024. After year-long efforts, our inventories have normalized to healthy levels, leading to reduced clearance intensity and stabilized operations.

Audio and Video

The Audio and Video segment recorded a revenue of HK\$64.2 million in 1H FY2025, representing a decrease of approximately 17.3% as compared to 1H FY2024. The segment performance faced dual headwinds: the forced termination of cooperation with a key client impacted by U.S. sanctions; and a proactive exit from low-margin business with another major client to optimize profitability.

Management Discussion and Analysis

Telecommunications

Revenue from the Telecommunications segment decreased by 11.7% to HK\$63.5 million in 1H FY2025 mainly due to product EOL by a supplier and restricted cooperation with a major client affected by U.S. sanctions.

Lighting

The Lighting segment recorded a revenue of HK\$14.9 million in 1H FY2025, representing a 20.6% decline compared to the same period last year. The segment revenue encountered twin challenges and reduced partnership share after a core client shifted to direct supplier procurement; slower order pickup pressured by high inventory levels at key clients.

Others

The Others segment recorded a 12.9% increase in revenue to HK\$13.3 million in 1H FY2025. The growth in this segment's performance was mainly driven by our steady growth through strategic expansion: market diversification via new brand introductions and strategic entry into the drone sector generating positive growth momentum.

Gross Profit Margin

The Group's gross profit margin increased to 9.8% in 1H FY2025 from 3.0% in 1H FY2024 primarily due to a net reversal of allowance for inventories of HK\$18.9 million made in 1H FY2025, compared to a stock provision of HK\$41.8 million in 1H FY2024. The net reversal of allowances for inventories was mainly attributable to (i) the improved pricing due to recovering market demand; and (ii) the successful efforts to clear aged inventories.

Excluding the net reversal of allowances for inventories and net stock provision, the adjusted gross profit margin in 1H FY2025 would have been 8.2%, compared to 6.5% in 1H FY2024.

Other Income

Other income increased by HK\$1.1 million to HK\$2.3 million in 1H FY2025 from HK\$1.2 million in 1H FY2024, mainly driven by an increase in rental income of HK\$0.8 million from related companies and a one-off tax rebate of HK\$0.7 million from the Chinese government in 1H FY2025.

Distribution Costs

Distribution costs remained stable with a slight increase of HK\$0.5 million to HK\$11.0 million in 1H FY2025, compared to HK\$10.5 million in 1H FY2024.

Administrative Expenses

Administrative expenses declined by HK\$7.4 million, or 9.5% to HK\$70.8 million in 1H FY2025 from HK\$78.2 million in 1H FY2024. The reduction was primarily due to the Group's proactive review and streamlining of its cost structure, aimed at enhancing better capital efficiency across operations.

Management Discussion and Analysis

Other Gains and Losses

Other losses amounted to HK\$5.7 million in 1H FY2025. The decrease in other losses was mainly due to the decrease in exchange losses amounting approximately HK\$2.7 million arising from Renminbi (“RMB”) maintained relative stability against the US dollar (“USD”) during 1H FY2025, while experiencing moderated fluctuations against the Hong Kong dollar (“HKD”) as compared to 1H FY2024.

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

A net reversal of impairment losses of HK\$7.0 million on trade receivables was recorded in 1H FY2025 due to over-provision adjustment on trade receivables in FY2024, which was reversed in 1H FY2025.

Finance Costs

Finance costs, which comprise interest expenses on trust receipt loans, bank borrowings, loans from the ultimate holding company and interest on lease liabilities, increased slightly by HK\$1.2 million or 8.2% to HK\$16.0 million in 1H FY2025 from HK\$14.8 million in 1H FY2024. The increase was mainly due to net effect of: (i) the higher interest expenses on loans from the ultimate holding company compared to the same period last year due to the loan agreement was entered with the Group since September 2024; and (ii) a decrease in the weighted average effective interest rate in 1H FY2025 as compared with 1H FY2024.

LIQUIDITY AND FINANCIAL RESOURCES

Financial Position

Trust receipt loans decreased by HK\$114.9 million to HK\$25.1 million as at June 30, 2025, from HK\$140.0 million as at December 31, 2024. The decrease was mainly due to the repayment of trust receipt loans towards the end of the current interim period.

Trade payables increased to HK\$377.0 million as at June 30, 2025, from HK\$323.0 million as at December 31, 2024. The increase was mainly due to the increased purchases towards the end of the current interim period as compared with the purchases towards 1H FY2024.

Trade receivables remained stable and slightly decreased by HK\$1.1 million to HK\$707.3 million as at June 30, 2025, from HK\$708.4 million as at December 31, 2024.

As at June 30, 2025, the Group’s current ratio (current assets divided by current liabilities) was 1.26 (December 31, 2024: 1.20).

Inventories

Inventories decreased to HK\$339.4 million as at June 30, 2025, from HK\$417.9 million as at December 31, 2024. The inventory turnover days also improved, decreasing to 2.0 months as at June 30, 2025, from 2.2 months as at December 31, 2024.

Management Discussion and Analysis

Cash Flow

As at June 30, 2025, the Group had a working capital of HK\$228.5 million which included a cash balance of HK\$49.6 million, as compared to a working capital of HK\$200.6 million which included a cash balance of HK\$41.4 million as at December 31, 2024. The increase in cash by HK\$8.2 million was primarily attributable to the net effect of cash inflow of HK\$219.6 million generated from operating activities and cash outflow of HK\$204.9 million used in financing activities. The Group's cash balance was mainly denominated in USD, RMB and HKD.

Cash inflow in operating activities was mainly due to the decrease in inventories and increase in trade payables.

Cash outflow from financing activities was mainly attributable to the net effect of (i) decrease in trust receipt loans; (ii) increase in bank borrowings; and (iii) decrease in loans from the ultimate holding company in 1H FY2025.

Borrowings and Banking Facilities

As at June 30, 2025, the Group had bank borrowings of HK\$365.2 million, which were repayable within one year. Among the Group's bank borrowings, 11.8% was denominated in USD and 78.8% was denominated in RMB and the remainder was denominated in HKD. As at June 30, 2025, the fixed-rate bank borrowings and the variable-rate bank borrowings accounted for 86.0% and 14.0%, respectively. The fixed-rate bank borrowings bore interest at a weighted average effective rate of 3.47% per annum, while variable-rate bank borrowings bore interest at a weighted average effective rate of 3.90% per annum.

As at June 30, 2025, trust receipt loans of HK\$25.1 million were secured and repayable within one year and bore interest at a weighted average effective rate of 7.44% per annum. 100% of the trust receipt loans was denominated in USD. As at June 30, 2025, the Group had unutilised banking facilities of HK\$427.8 million (December 31, 2024: HK\$314.6 million).

As at June 30, 2025, the Group had loans from the ultimate holding company of HK\$78.8 million (December 31, 2024: HK\$163.2 million), which were unsecured and repayable within one year. The effective interest rate of these loans was 6.8% per annum.

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

Amount repayable in one year or less, or on demand

As at June 30, 2025		As at December 31, 2024	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
291,720	98,620	279,917	177,032

Management Discussion and Analysis

As at June 30, 2025, the Group's trade receivables amounting to HK\$88.3 million (December 31, 2024: HK\$21.4 million) were transferred to banks by discounting those trade receivables and bills received on a full recourse basis. As the Group had not transferred the significant risks and rewards relating to these receivables, it had continued to recognise the full carrying amount of the receivables and had recognised the cash received on the transfer as secured borrowings amounting to HK\$108.4 million (December 31, 2024: HK\$72.6 million).

As at June 30, 2025, the Group's remaining secured bank borrowings amounting to HK\$75.7 million (December 31, 2024: HK\$67.3 million) had been secured by the pledge of certain bills receivables held by the Group amounting to HK\$13.4 million (December 31, 2024: HK\$10.7 million).

Foreign Exchange Risk Management

The Group operates in Hong Kong, the PRC and Taiwan. It incurred foreign currency risk mainly from sales and purchases that were denominated in currencies other than its functional currencies. Sales are mainly denominated in USD, RMB and HKD whereas purchases are mainly denominated in USD, Japanese yen ("JPY"), RMB and HKD. Therefore, the exposure to foreign exchange rate risks mainly arises from fluctuations in foreign currencies against the functional currencies. Given the pegged foreign exchange rate between HKD and USD, the exposure of entities that use HKD as their respective functional currencies to the fluctuations in USD is minimal. However, foreign exchange rate fluctuations between RMB and USD, RMB and JPY, HKD and JPY, or Taiwan dollars and USD could affect the Group's performance and asset value. The Group has a foreign currency hedging policy to monitor and maintain its foreign exchange exposure at an acceptable level.

Net Gearing Ratio

As at June 30, 2025, the Group's net gearing ratio was 104.9% (December 31, 2024: 139.9%). The net gearing ratio was derived by dividing net debts (representing interest-bearing bank borrowings, trust receipt loans, loans from the ultimate holding company and bills payables minus cash and cash equivalents and restricted bank deposits) by shareholders' equity at the end of a given period and multiplied by 100%. The decrease was mainly due to decrease in loans from the ultimate holding company, increases in cash and cash equivalents and shareholders' equity (resulting from the profit in respect of 1H FY2025).

STRATEGY AND PROSPECTS

Amid persistent U.S.-China tariff tensions and resulting market uncertainties, the Group is strategically positioning itself to thrive in a complex global environment. Leveraging over 40 years' experience and the new synergy with Shanghai YCT, the Group aims to establish a robust overseas expansion platform capable of navigating intricate supply chain dynamics and responding to the relocation trends of its client base. This initiative is designed to sustain current business operations while unlocking new growth opportunities in emerging markets. Domestically, the Group continues to face challenges stemming from weak demand, particularly in the real estate and consumer sectors, necessitating a proactive and diversified approach.

Management Discussion and Analysis

To counterbalance these challenges and drive sustainable growth, the Group will pursue the following strategic priorities:

Deepen its EV Market Focus

Under the leadership of our newly appointed management team, the Group is committed to strengthening its presence in the rapidly evolving electric vehicle (EV) sector. This will involve:

- o Expanding our product line to include cutting-edge EV components, such as advanced battery systems and powertrain technologies, to meet rising global demand.
- o Broadening distribution networks to penetrate untapped markets, ensuring wider accessibility for our offerings.
- o Introducing competitive overseas product lines, sourced from high-growth regions, to diversify our portfolio and maintain a competitive edge.
- o Selecting resilient domestic suppliers, prioritizing those with proven adaptability to market volatility, to bolster supply chain stability.

Build Segment Leadership in Automotive and Audio Components

The Group will solidify its position as a market leader in the automotive and audio components segments. By leveraging our deep expertise and innovative capabilities, we will focus on delivering high-quality, technologically advanced products such as next-generation audio systems and precision-engineered automotive parts that cater to the evolving needs of our customers. This commitment to excellence will serve as a cornerstone of our growth strategy.

Develop a Collaborative Platform

To support domestic manufacturers expanding into global markets and assist relocating Chinese clients, the Group will launch a comprehensive collaborative platform. This digital hub will facilitate networking, knowledge sharing, and partnership opportunities, empowering our clients to overcome the challenges of international expansion. For example, a relocating client could use the platform to connect with local suppliers or access market entry insights, enhancing their operational success.

Implement a Flexible Partner Program

Recognising the critical role of client relationships in long-term success, the Group will introduce a flexible Partner Program. This initiative will provide tailored solutions such as customized product offerings or adaptive service agreements to meet the unique needs of our key clients. By fostering strong, mutually beneficial partnerships, we aim to ensure resilience and shared growth in an unpredictable market.

Management Discussion and Analysis

Optimize Client Selection

Utilizing advanced industry analytics and performance metrics, the Group will refine its client selection process. We will prioritize partnerships with clients in high-growth sectors, such as renewable energy and technology, and those demonstrating strong financial and operational stability. This data-driven approach will enable us to allocate resources efficiently and maximize returns on investment.

This integrated strategy is carefully designed to navigate short-term market volatility while capitalizing on structural growth drivers, such as the global shift toward electrification and increasing demand for innovative components. In the EV sector, our expanded product offerings and enhanced supply chain resilience will position us as a trusted partner to industry leaders. Simultaneously, our focus on segment leadership, collaboration, and client optimization will strengthen our competitive positioning across key markets.

Looking ahead, the Group is confident that these initiatives will deliver sustainable growth and create lasting value for our shareholders. While mindful of the risks posed by geopolitical tensions and economic uncertainties, we remain committed to executing our strategy with agility and precision, ensuring we are well-equipped to seize opportunities in a dynamic global landscape.

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

On June 12, 2025, the Company entered into six subscription agreements (the “Subscription Agreements”) with six subscribers (collectively the “Subscribers”), who are independent of the Group, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for, ordinary shares of the Company at the subscription price of HK\$2.66 per share (equivalent to approximately S\$0.44, based on the exchange rate of S\$ to HK\$ of S\$1 to HK\$6.09 as at the date of the announcement dated July 15, 2025) (the “Subscription Shares”). The Subscription Shares comprise 15,000,000 new ordinary shares of the Company, representing approximately 17.11% of the existing issued Shares of the Company as at the date of the Subscription Agreements and approximately 14.61% of the issued Shares of the Company as enlarged after the allotment and issue of the Subscription Shares. All the conditions precedent set out in the Subscription Agreements have been fulfilled and completion took place on July 15, 2025 in accordance with the terms and conditions of the Subscription Agreements. Details of the above are set out in the Company’s announcements dated June 12, 2025, June 23, 2025 and July 15, 2025.

Save as disclosed in this interim report, there were no other important events affecting the Group have occurred after the end of the interim period.

Management Discussion and Analysis

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended June 30, 2025 (1H FY2024: nil) as the Group intends to retain cash for its business operations and future growth.

EMPLOYEES AND REMUNERATION POLICIES

As at June 30, 2025, the Group had a workforce of 303 (December 31, 2024: 312) full-time employees, of which 18.2% worked in Hong Kong, 76.2% in the PRC and the remainder in Taiwan.

The Group actively pursues a strategy of recruiting, retaining and developing talented employees by (i) providing them with regular training programmes to ensure that they are kept abreast of the latest information pertaining to the products distributed by the Group, technological developments and market conditions of the electronics industry; (ii) aligning employees' compensation and incentives or bonus with their performance; and (iii) providing them with a clear career path with opportunities for taking on additional responsibilities and securing promotions. Besides, the Company has adopted an employee share option scheme to reward the directors of the Company (the "Directors") and the eligible employees for their contribution to the Group.

While the Group's employees in Hong Kong and Taiwan are required to participate in the mandatory provident fund scheme and a defined contribution pension scheme respectively, the Group makes contributions to various government-sponsored employee-benefit funds, including social insurance fund, housing fund, basic pension insurance fund and unemployment, maternity and work-related insurance funds for its employees in the PRC in accordance with the applicable PRC laws and regulations.

Further, the remuneration committee of the Board reviews and recommends to the Board the remuneration and compensation packages of the Directors and senior management of the Group by reference to the salaries paid by comparable companies, their time commitment, responsibilities and performance as well as the financial results of the Group.

CHARGES ON THE GROUP'S ASSETS

As at June 30, 2025, the Group pledged certain properties of HK\$148.3 million (December 31, 2024: HK\$142.2 million) to secure trust receipt loans of HK\$25.1 million (December 31, 2024: HK\$140.0 million) and bank borrowings of HK\$153.2 million (December 31, 2024: HK\$146.3 million).

CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at June 30, 2025 (December 31, 2024: nil).

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 June 30, 2025, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the “SFO”)), which were: (i) notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on the SEHK (the “HK Listing Rules” and the “HK Model Code”, respectively) were as follows:

Long position in the Shares

Name of Directors/ Chief Executive	Number of Shares Held			Total	Approximate percentage of total shareholding in the Company ⁽³⁾ (%)
	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Corporate interests (interest of a controlled corporation)		
Xie Lishu ⁽¹⁾ (“Mr. Xie”)	–	–	76,955,745	76,955,745	87.76
Huang Shaoli ⁽²⁾ (“Ms. Huang”)	–	76,955,745	–	76,955,745	87.76

Note:

- (1) Mr. Xie, being the chairman of the Board (the “Chairman”) and the executive Director, is deemed to be interested in the 76,955,745 Shares held by Texin (HongKong) Electronics Co. Limited (“Texin”), by virtue of the SFO. Texin is wholly owned by Kunshan Archer Electronics Co. Ltd (“Kunshan Archer”), which is in turn wholly owned by Shanghai YCT Electronics Group Co. Ltd (“Shanghai YCT”). Mr. Xie is the controlling shareholder of Shanghai YCT.
- (2) Ms. Huang, being the non-executive Director, is deemed to be interested in the 76,955,745 Shares held by her husband, Mr. Xie, by virtue of the SFO.
- (3) The percentage represents the total number of the Shares interested divided by the number of issued Shares as at June 30, 2025 (i.e. 87,692,049 Shares).

Disclosure of Interests

Save as disclosed above, as at June 30, 2025, none of the Directors or the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were: (i) notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO; or (ii) recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the SEHK pursuant to the HK Model Code.

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

As at June 30, 2025, so far as the Directors are aware, the following corporations which or persons (other than a Director or the chief executive of the Company) who had or were deemed or taken to have interests or short positions in the Shares or underlying Shares, which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, were as follows:

Long position in the Shares

Name of Shareholders	Number of Shares Held			Total	Approximate percentage of total shareholding in the Company ⁽⁴⁾ (%)
	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Corporate interests (interest of controlled corporations)		
Shanghai YCT ⁽¹⁾	–	–	76,955,745	76,955,745	87.76
Kunshan Archer ⁽¹⁾	–	–	76,955,745	76,955,745	87.76
Texin ⁽¹⁾	76,955,745	–	–	76,955,745	87.76

Notes:

- (1) Texin is wholly owned by Kunshan Archer, which is in turn wholly owned by Shanghai YCT. Kunshan Archer and Shanghai YCT are deemed to be interested in the 76,955,745 Shares held by Texin, by virtue of the SFO.
- (2) The percentage represents the total number of the Shares interested divided by the number of issued Shares as at June 30, 2025 (i.e. 87,692,049 Shares).

Save as disclosed above, as at June 30, 2025, the Directors are not aware of any corporations which or persons (other than a Director or the chief executive of the Company) who had or were deemed or taken to have interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Disclosure of Interests

SHARE OPTION SCHEME

The Company had on July 30, 2013 adopted the Willas-Array Electronics Employee Share Option Scheme III (“ESOS III”) to grant share options to eligible employees, including the executive directors of the Group for the purpose of providing incentives or rewards for their contribution to the Group.

ESOS III was adopted by an ordinary resolution of the shareholders of the Company (the “Shareholders”) at the special general meeting of the Company held on July 30, 2013. ESOS III was expired on July 29, 2023.

The number of share options available for grant under ESOS III was 883,340 at the beginning and the end of 1H FY2025.

The number of Shares that may be issued in respect of share options granted under ESOS III during 1H FY2025 divided by the weighted average number of Shares in issue for 1H FY2025 was 0.40%.

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

The grant of share options shall be accepted within 30 days from the date of grant, accompanied by payment of HK\$1.00 as consideration by the grantee.

The vesting period of the share options granted under ESOS III is one year after the date of grant.

Particulars of the share options outstanding under ESOS III at the beginning and at the end of 1H FY2025 and the share options granted, exercised, lapsed and forfeited during 1H FY2025 were as follows:

Category of participants	Date of grant	Number of underlying Shares comprised in share options					Exercise price per Share	Exercise period
		Balance as at January 1, 2025	Granted during 1H FY2025	Exercised during 1H FY2025	Lapsed during 1H FY2025	Forfeited during 1H FY2025	Balance as at June 30, 2025	
Employees in aggregate	July 17, 2017	297,000	-	-	-	-	297,000	July 18, 2018 to July 17, 2027
Employees in aggregate	December 2, 2020	50,000	-	-	-	-	50,000	December 3, 2021 to December 2, 2030
		347,000	-	-	-	-	347,000	

None of the holders of outstanding share options granted under ESOS III (i) is a Director, the chief executive or a substantial shareholder (as defined in the HK Listing Rules) of the Company, or their respective associates (as defined in the HK Listing Rules); and (ii) was granted any share option entitling him/her to subscribe for Shares exceeding the individual limit under ESOS III in the 12-month period up to and including the date of grant.

Corporate Governance and Other Information

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

During the six months ended June 30, 2025, the Company did not redeem any of its securities listed on the Main Board of the SEHK and the SGX-ST nor did the Company or any of its subsidiaries purchase or sell any of such securities (including the sale of treasury shares). As at June 30, 2025, there were no treasury shares (as defined under the HK Listing Rules) held by the Company.

COMPLIANCE WITH CORPORATE GOVERNANCE CODES

The Board and the Company's management are committed to maintaining high standards of corporate governance. The Board firmly believes that conducting the Group's business in a transparent and responsible manner and following good corporate governance practices serve its long-term interests and those of the Shareholders. The Board considers that during the six months ended June 30, 2025, the Company had complied with all the code provisions set out in the Corporate Governance Code as contained in Part 2 of Appendix C1 to the HK Listing Rules (the "HK CG Code") and the Code of Corporate Governance 2018 of Singapore (the "Singapore CG Code").

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

COMPLIANCE WITH HONG KONG MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the HK Listing Rules (the "HK Model Code") as its own code of conduct for dealing in the securities of the Company by the Directors. Following a specific enquiry made by the Company with each of the current Directors, all of them confirmed that they had complied with the required standards as set out in the HK Model Code throughout the six months ended June 30, 2025.

REVIEW BY AUDIT COMMITTEE

The Board has established an audit committee (the "Audit Committee") with written terms of reference in compliance with the HK CG Code, the HK Listing Rules, the Singapore CG Code and the Main Board rules of the listing manual of the SGX-ST. The Audit Committee currently comprises all of the four INEDs, namely Lau Chin Huat (committee chairman), Chong Eng Wee, Tso Sze Wai and Jiang Maolin.

The Group's unaudited interim results and the Company's interim report for the six months ended June 30, 2025 have been reviewed by the Audit Committee and is of the opinion that the preparation of the statements complies with the applicable accounting standards and that adequate disclosures have been made.

Corporate Governance and Other Information

UPDATE ON THE DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE HK LISTING RULES

Besides as disclosed in announcements dated June 27, 2025 and July 9, 2025, pursuant to Rule 13.51B(1) of the HK Listing Rules, changes in the information of the Directors since the date of the 2024 annual report of the Company required to be disclosed in this interim report are as follows:

Mr. Chong Eng Wee, an INED, was appointed as a non-executive and independent director of Eindex Corporation Limited (SGX-ST stock code: 42Z) since July 2025 and was appointed as a joint corporate secretary of LHT Holdings Limited (SGX-ST stock code: BEI) since May 2025. Mr. Chong ceased to be a non-executive and independent director of China Yuanbang Property Holdings Limited (SGX-ST stock code: BCD) since July 2025 and ceased to be the company secretary of Sincap Group Limited (SGX-ST stock code: 5UN) since August 2025.

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2025

		For the six months ended June 30,	
NOTES		2025	2024
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue		1,158,844	1,183,468
Cost of sales	3	(1,045,125)	(1,148,296)
Gross profit		113,719	35,172
Other income		2,334	1,209
Distribution costs		(10,977)	(10,504)
Administrative expenses		(70,768)	(78,180)
Other gains and losses		(5,650)	(9,436)
Impairment losses reversed (recognised) under expected credit loss ("ECL") model, net	11	7,006	(1,927)
Loss on fair value change of investment property		–	384
Finance costs		(16,011)	(14,793)
Profit (loss) before tax		19,653	(78,075)
Income tax credit (expense)	4	1,073	(509)
Profit (loss) for the period	5	20,726	(78,584)
Other comprehensive income (expense):			
<i>Items that will not be reclassified to profit or loss:</i>			
– Loss on revaluation of owned properties		–	(7,030)
– Income tax relating to loss recognised in other comprehensive income		–	1,648
		–	(5,382)

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2025

		For the six months ended June 30,	
	NOTE	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences arising from translation of foreign operations		4,997	(3,326)
Other comprehensive income (expense) for the period		4,997	(8,708)
Total comprehensive income (expense) for the period		25,723	(87,292)
Profit (loss) attributable to:			
Owners of the Company		20,726	(78,564)
Non-controlling interests		–	(20)
		20,726	(78,584)
Total comprehensive income (expense) attributable to:			
Owners of the Company		25,723	(87,271)
Non-controlling interests		–	(21)
		25,723	(87,292)
Earnings (loss) per share			
– Basic (HK cents)	7	23.63	(89.64)
– Diluted (HK cents)		23.63	(89.64)

Unaudited Condensed Consolidated Statement of Financial Position

As at June 30, 2025

	NOTES	As at June 30, 2025 HK\$'000 (Unaudited)	As at December 31, 2024 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	8	202,214	205,783
Right-of-use assets	8	4,987	2,941
Investment property	8	10,043	10,043
Club debentures		2,001	2,001
Interest in an associate		—	—
Financial assets measured at fair value through other comprehensive income ("FVTOCI")		8,776	8,639
Long-term deposits		1,323	1,363
Deferred tax assets	9	2,372	2,281
Total non-current assets		231,716	233,051
Current assets			
Inventories		339,378	417,928
Trade receivables	10	707,276	708,448
Other receivables, deposits and prepayments		4,499	8,367
Amount due from related companies	12	1,781	948
Income tax recoverable		88	4,321
Cash and cash equivalents		49,561	41,412
Total current assets		1,102,583	1,181,424
Total assets		1,334,299	1,414,475

Unaudited Condensed Consolidated Statement of Financial Position

As at June 30, 2025

	NOTES	As at June 30, 2025 HK\$'000 (Unaudited)	As at December 31, 2024 HK\$'000 (Audited)
Current liabilities			
Trade payables	15	377,036	322,998
Other payables		18,373	31,861
Amount due to a related company	13	3,860	–
Contract liabilities		3,382	3,256
Income tax payable		272	550
Trust receipt loans	16	25,105	140,044
Bank borrowings	17	365,235	316,905
Lease liabilities		2,036	2,054
Loans from the ultimate holding company	18	78,819	163,180
Total current liabilities		874,118	980,848
Net current assets		228,465	200,576
Total assets less current liabilities		460,181	433,627
Capital, reserves and non-controlling interests			
Share capital	19	87,692	87,692
Reserves		356,303	330,580
Equity attributable to owners of the Company		443,995	418,272
Non-controlling interests		–	–
Total equity		443,995	418,272
Non-current liabilities			
Deferred tax liabilities	9	13,309	14,517
Lease liabilities		2,877	838
Total non-current liabilities		16,186	15,355
Total liabilities and equity		1,334,299	1,414,475

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2025

	Attributable to owners of the Company										Total HK\$'000
	Share capital HK\$'000	Capital reserves HK\$'000 (Note i)	Statutory reserve HK\$'000 (Note ii)	Property revaluation reserve HK\$'000	Currency translation reserve HK\$'000	Financial assets measured at FVTOCI reserve HK\$'000	Other reserve HK\$'000 (Note iii)	Accumulated profits HK\$'000	Subtotal HK\$'000	Non- controlling interests HK\$'000	
At January 1, 2024 (Unaudited)	87,622	199,274	29,090	125,090	(20,327)	(16,448)	(3,561)	150,243	550,983	108	551,091
Total comprehensive expense for the period:											
Loss for the period	-	-	-	-	-	-	-	(78,564)	(78,564)	(20)	(78,584)
Other comprehensive expense for the period	-	-	-	(5,382)	(3,326)	-	-	-	(8,708)	(1)	(8,709)
Total	-	-	-	(5,382)	(3,326)	-	-	(78,564)	(87,272)	(21)	(87,293)
Transactions with owners, recognised directly in equity:											
Exercise of share options	70	113	-	-	-	-	-	-	183	-	183
Share options forfeited	-	(365)	-	-	-	-	-	365	-	-	-
Transfer from property revaluation reserve	-	-	-	(6,127)	-	-	-	6,127	-	-	-
Transfer of statutory reserve	-	-	506	-	-	-	-	(506)	-	-	-
Total	70	(252)	506	(6,127)	-	-	-	5,986	183	-	183
At June 30, 2024 (Unaudited)	87,692	199,022	29,596	113,581	(23,653)	(16,448)	(3,561)	77,665	463,894	87	463,981
At January 1, 2025 (Audited)	87,692	198,638	22,045	91,018	(23,562)	(16,448)	(3,475)	62,364	418,272	-	418,272
Total comprehensive income for the period:											
Profit for the period	-	-	-	-	-	-	-	20,726	20,726	-	20,726
Other comprehensive income for the period	-	-	-	-	4,997	-	-	-	4,997	-	4,997
Total	-	-	-	-	4,997	-	-	20,726	25,723	-	25,723
Transactions with owners, recognised directly in equity:											
Transfer of statutory reserve	-	-	(4,184)	-	-	-	-	4,184	-	-	-
Total	-	-	(4,184)	-	-	-	-	4,184	-	-	-
At June 30, 2025 (Unaudited)	87,692	198,638	17,861	91,018	(18,565)	(16,448)	(3,475)	87,274	443,995	-	443,995

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2025

Notes:

- (i) Capital reserves comprise share premium, contributed surplus and share options reserve. Contributed surplus represents the difference between the underlying net tangible assets of the subsidiaries which were acquired by the Company at the date of the group reorganisation in 2001 and the nominal amount of the shares issued by the Company under the reorganisation.
- (ii) The statutory reserve is non-distributable and was appropriated from profit after tax of the Company's subsidiaries in the People's Republic of China (the "PRC") and Taiwan under the respective laws and regulations of the PRC and Taiwan.
- (iii) Other reserve comprises a debit amount of HK\$3,475,000 and represents the difference between the fair value of the consideration paid and the carrying amount of the net assets attributable to the additional interest in certain then subsidiaries acquired during the year ended March 31, 2017.

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2025

	For the six months ended June 30,	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from (used in) operating activities	219,639	(70,325)
Net cash used in investing activities		
Purchase of property, plant and equipment	(339)	(2,679)
Investments in unlisted equity securities	(6,582)	–
Proceeds from disposal of property, plant and equipment	–	993
	(6,921)	(1,686)
Net cash (used in) from financing activities		
Proceeds from exercise of share options	–	183
Repayments of bank and other borrowings	(714,969)	(1,090,822)
Proceeds from bank and other borrowings	596,527	1,151,977
Repayments of Loans from the ultimate holding company	(85,051)	–
Repayment of lease liabilities	(1,386)	(3,589)
	(204,879)	57,749
Net increase (decrease) in cash and cash equivalents	7,839	(14,262)
Cash and cash equivalents at beginning of the period	41,412	86,183
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	310	(733)
Cash and cash equivalents at end of the period	49,561	71,188

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

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 Victoria Place, 5/F, 31 Victoria Street, Hamilton HM10, Bermuda. Its principal place of business is located at 24/F, Wyler Centre, Phase 2, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong. The issued ordinary shares of the Company are listed and traded on the Main Board of Singapore Exchange Securities Trading Limited and 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. All values are rounded to the nearest thousand except otherwise indicated.

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

The principal activity of the Company is investment holding and the Company’s subsidiaries are principally 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*” (“IAS 34”) 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.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the nine months ended 31 December 2024, except for the adoption of the following revised International Financial Reporting Standards (“IFRSs”) for the first time for the current period’s financial statements.

Amendments to IAS 21

Lack of Exchangeability

The nature and impact of the amended IFRS Accounting Standard are described below:

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

2. PRINCIPAL ACCOUNTING POLICIES – continued

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

3. REVENUE AND SEGMENT INFORMATION

A. Disaggregation of revenue from contracts with customers

	For the six months ended June 30,	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Types of goods or service:		
Sales of electronic components	<u>1,158,844</u>	<u>1,183,468</u>
Market segments of the customers:		
Automotive	332,102	306,867
Industrial	298,886	307,124
Home appliance	190,322	195,834
Electronic manufacturing services	101,819	103,588
Dealer	79,792	90,004
Audio and video	64,179	77,567
Telecommunications	63,527	71,903
Lighting	14,939	18,821
Others	<u>13,278</u>	<u>11,760</u>
Total	<u><u>1,158,844</u></u>	<u><u>1,183,468</u></u>

In addition, the Group's disaggregation of revenue by geographical market is disclosed in Note 3(B).

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

3. REVENUE AND SEGMENT INFORMATION – continued

B. Segment information

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

- Southern China Region;
- Northern China Region; and
- Taiwan

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

The CODM focuses on reportable segment profit which is gross profit earned by each segment. Other income, distribution costs, administrative expenses, other gains and losses, impairment losses reversed (recognised) under ECL model, net, loss on fair value change of investment property and finance costs are excluded from segment results.

No operating segments have been aggregated in arriving at the reportable segments of the Group.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

3. REVENUE AND SEGMENT INFORMATION – continued

B. Segment information – continued

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

Six months ended June 30, 2025 (Unaudited)

	Trading of electronic components					Total HK\$'000
	Southern China Region HK\$'000	Northern China Region HK\$'000	Taiwan HK\$'000	Sub-total HK\$'000	Elimination HK\$'000	
Revenue						
Sales – external	474,988	579,863	103,993	1,158,844	–	1,158,844
Sales – inter-company	248,910	331,311	–	580,221	(580,221)	–
	<u>723,898</u>	<u>911,174</u>	<u>103,993</u>	<u>1,739,065</u>	<u>(580,221)</u>	<u>1,158,844</u>
Cost of sales	(676,128)	(856,794)	(92,424)	(1,625,346)	580,221	(1,045,125)
Gross profit/segment results	<u>47,770</u>	<u>54,380</u>	<u>11,569</u>	<u>113,719</u>	<u>–</u>	<u>113,719</u>
Other income						2,334
Distribution costs						(10,977)
Administrative expenses						(70,768)
Other gains and losses						(5,650)
Impairment losses reversed under ECL model, net						7,006
Loss on fair value change of investment property						–
Finance costs						(16,011)
Profit before tax						19,653
Income tax credit						1,073
Profit for the period						20,726
Profit attributable to non-controlling interests						–
Profit attributable to owners of the Company						<u>20,726</u>

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

3. REVENUE AND SEGMENT INFORMATION – continued

B. Segment information – continued

Six months ended June 30, 2024 (Unaudited)

	Trading of electronic components					Total HK\$'000
	Southern China Region HK\$'000	Northern China Region HK\$'000	Taiwan HK\$'000	Sub-total HK\$'000	Elimination HK\$'000	
Revenue						
Sales – external	502,530	523,608	157,330	1,183,468	–	1,183,468
Sales – inter-company	256,794	275,471	875	533,140	(533,140)	–
	759,324	799,079	158,205	1,716,608	(533,140)	1,183,468
Cost of sales	(746,406)	(782,104)	(152,926)	(1,681,436)	533,140	(1,148,296)
Gross profit/segment results	12,918	16,975	5,279	35,172	–	35,172
Other income						1,209
Distribution costs						(10,504)
Administrative expenses						(78,180)
Other gains and losses						(9,436)
Impairment losses recognised under ECL model, net						(1,927)
Loss on fair value change of Investment property						384
Finance costs						(14,793)
Loss before tax						(78,075)
Income tax expense						(509)
Loss for the period						(78,584)
Loss attributable to non-controlling interests						20
Loss attributable to owners of the Company						(78,564)

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.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

4. INCOME TAX (CREDIT) EXPENSE

	For the six months ended June 30,	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
The income tax expense (credit) comprises:		
Current tax:		
– Hong Kong	285	165
– PRC Enterprise Income Tax (the “EIT”)	–	210
– Taiwan	21	1285
– Taiwan withholding tax on dividends	–	234
	<u>306</u>	<u>1,894</u>
Under (over) provision in respect of prior period:		
– Hong Kong	33	1
– PRC EIT	–	(58)
– Taiwan	22	–
	<u>55</u>	<u>(57)</u>
Deferred tax:		
– Credit to the period (Note 9)	(1,434)	(1,328)
	<u>(1,073)</u>	<u>509</u>

Under the two-tiered profits tax rates regime, the Company was subject to Hong Kong Profits Tax at the rate of 8.25% for the first HK\$2,000,000 of assessable profits, and the remaining profits at 16.5%. Subsidiaries of the Company incorporated in Hong Kong were subject to Hong Kong Profits Tax at the rate of 16.5% for the six months ended June 30, 2025 and 2024.

Under the Law of the PRC on EIT (the “EIT Law”) and the Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2024: 25%). The tax rate of the Taiwan subsidiary is 20% (2024: 20%).

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

5. PROFIT (LOSS) FOR THE PERIOD

Profit (loss) for the period has been arrived at or after charging (crediting):

	For the six months ended June 30,	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Cost of inventories recognised as expenses (<i>Note i</i>)	1,045,125	1,148,296
Depreciation of property, plant and equipment	5,931	6,895
Depreciation of right-of-use assets	1,244	2,735
Directors' emoluments (<i>Note ii</i>)	1,781	1,685
Gain on disposal of property, plant and equipment	–	1,825
Audit fees		
Paid to auditor of the Company	819	924
Paid to other auditors	269	543
Non-audit fees		
Paid to auditor of the Company	–	–
Paid to other auditors	–	425
Staff costs (excluding directors' emoluments) (<i>Note ii</i>)	49,581	49,180
Net foreign exchange loss	5,650	8,336
Net loss on fair value changes of derivative financial instruments	–	(726)
Interest income from bank deposits	(179)	(265)
Interest expense on borrowings	15,895	14,650

Notes:

- (i) During the six months ended June 30, 2025, the amount included reversal of allowance for inventories amounting to HK\$18,891,000 (2024: allowance for inventories HK\$41,790,000).
- (ii) During the six months ended June 30, 2025, cost of defined contribution plans amounting to HK\$7,218,000 (2024: HK\$7,545,000), was included in staff costs and directors' emoluments.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

6. DIVIDEND

No dividend was declared and paid during the six months ended June 30, 2025 and 2024.

The board of directors of the Company has resolved not to declare any interim dividend for the six months ended June 30, 2025 (2024: nil).

7. EARNINGS (LOSS) PER SHARE

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

	For the six months ended June 30,	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Earnings (loss)		
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share (profit (loss) for the period attributable to owners of the Company)	20,726	(78,564)
	<u>20,726</u>	<u>(78,564)</u>
	For the six months ended June 30,	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	87,692	87,648
Effect of dilutive potential ordinary shares:		
Share options	9,969	—
	<u>9,969</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	87,692	87,648
	<u>87,692</u>	<u>87,648</u>

The computation of diluted loss per share for the six months ended June 30, 2024 did not assume the exercise of share options granted by the Company since their assumed exercise would result in a decrease in loss per share for the period.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

8. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTY

During the current interim period, the Group paid HK\$339,000 (2024: HK\$2,679,000) on the acquisition of property, plant and equipment. No disposal of property, plant and equipment was made. For the six months ended June 30, 2024, the Group disposed of certain property, plant and equipment with carrying amount of HK\$2,818,000, resulting in a loss of HK\$1,825,000.

During the current interim period, the Group entered into lease agreement for the use of office for five years (2024: the Group renewed lease agreement for the use of office for three years) which the Group is required to make fixed monthly payments. On the lease commencement date, the Group recognised right-of use asset of HK\$3,166,000 and lease liability of HK\$3,166,000. For the six months ended June 30, 2024, the Group recognised right-of use asset of HK\$408,000 and lease liability HK\$408,000 arising from lease modification on the respective lease modification date.

In addition, the Group did not terminate any lease agreement during the current interim period. For the six months ended June 30, 2024, the Group terminated lease agreements with remaining lease terms of one to two years. On the termination date, the Group derecognised the right-of use asset of HK\$1,544,000 and the lease liability of HK\$1,797,000, resulting in a net loss of HK\$252,000 which had been recognised in the profit or loss.

The Group's owned properties classified as property, plant and equipment were revalued to fair value. The Group's owned properties were reassessed by the directors of the Company. In the opinion of the directors of the Company, the carrying amount of owned properties at the end of current interim period does not differ significantly from their estimated fair values. Consequently, no increase/decrease in fair value of the Group's owned properties has been recognised in property revaluation reserve for the periods ended June 30, 2025 (2024: a loss on revaluation of HK\$7,030,000).

The investment property was measured at fair value on June 30, 2025 based on a valuation performed by Assets Appraisal Limited, an independent valuer not connected with the Group who has appropriate qualifications and recent experience in the fair value measurement of properties in the relevant location. No increase/decrease in fair value (2024: A fair value loss of HK\$384,000) was recognised in profit or loss for the current interim period.

The valuation of properties, which falls under level 3 of the fair value hierarchy, has been arrived at by using direct comparison method that reflects recent transaction prices for similar properties.

In estimating the fair value, the highest and best use of properties is their current use. The key inputs used in valuing the properties is market unit rate taking into account the recent transaction prices for comparable properties and adjusted for differences in the location, view, floor area, lot size, age and condition of properties and timing of comparable transactions. A significant increase in the adjusted market price used would result in a significant increase in the fair value and vice versa.

There were no transfers into or out of level 3 during the period.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

9. DEFERRED TAX

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

	As at June 30, 2025 HK\$'000 (Unaudited)	As at December 31, 2024 HK\$'000 (Audited)
Deferred tax assets	2,372	2,281
Deferred tax liabilities	(13,309)	(14,517)
	<u>(10,937)</u>	<u>(12,236)</u>

10. TRADE RECEIVABLES

	As at June 30, 2025 HK\$'000 (Unaudited)	As at December 31, 2024 HK\$'000 (Audited)
Trade receivables	711,840	719,934
Less: allowance for credit losses	(4,564)	(11,486)
	<u>707,276</u>	<u>708,448</u>

As at June 30, 2025, total bills received amounting to HK\$59,088,000 (December 31, 2024: HK\$71,607,000) are held by the Group for future settlement of trade receivables.

All bills received by the Group are with a maturity period of less than one year.

The Group allows a credit period of 30 to 120 days (December 31, 2024: 30 to 120 days) to its trade customers.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

10. TRADE RECEIVABLES – continued

The following is an aging analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date or bills issuance date at the end of the reporting periods:

	As at June 30, 2025 HK\$'000 (Unaudited)	As at December 31, 2024 HK\$'000 (Audited)
Within 60 days	410,764	397,901
61 to 90 days	142,961	119,801
Over 90 days	153,551	190,746
	707,276	708,448

11. IMPAIRMENT LOSSES (REVERSED) RECOGNISED UNDER EXPECTED CREDIT LOSS MODEL, NET

	For the six months ended June 30,	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Impairment losses (reversed) recognised on:		
Trade receivables	(7,006)	1,928
Amount due from an associate (Note 21(a))	–	(1)
	(7,006)	1,927

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended June 30, 2025 are the same as those followed in the preparation of the Group's annual financial statements for the nine months ended December 31, 2024.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

12. AMOUNTS DUE FROM RELATED COMPANIES

	As at June 30, 2025 HK\$'000 (Unaudited)	As at December 31, 2024 HK\$'000 (Audited)
Trade balance (Note)	1,781	948

Amounts due from related companies are trade-related, unsecured, interest-free and with a credit period of 30 days.

The transactions with the above related companies are disclosed in Note 21(b).

Note: Shanghai YCT (listed on ChiNext Board of the Shenzhen Stock Exchange) and its subsidiaries are defined as related companies.

13. AMOUNTS DUE TO A RELATED COMPANY

	As at June 30, 2025 HK\$'000 (Unaudited)	As at December 31, 2024 HK\$'000 (Audited)
Non-trade balance (Note)	3,860	—

Amounts due to related companies are non-trade in nature, unsecured, interest-free and repayable on demand.

The transactions with the above related companies are disclosed in Note 21(a).

Note: GW Electronics Company Limited is defined as a related company.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

14. TRANSFER OF FINANCIAL ASSETS

The following were the Group's trade receivables as at June 30, 2025 and December 31, 2024 that were transferred to banks by discounting those trade receivables and bills received on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing amounting to HK\$108,432,000 (December 31, 2024: HK\$72,561,000).

As at June 30, 2025 (Unaudited)

	Trade receivables discounted to banks with full recourse HK\$'000	Bills received discounted to banks with full recourse HK\$'000	Total HK\$'000
Carrying amount of transferred assets	88,333	37,766	126,099
Carrying amount of associated liabilities	(70,666)	(37,766)	(108,432)
Net position	17,667	–	17,667

As at December 31, 2024 (Audited)

	Trade receivables discounted to banks with full recourse HK\$'000	Bills received discounted to banks with full recourse HK\$'000	Total HK\$'000
Carrying amount of transferred assets	21,375	55,493	76,868
Carrying amount of associated liabilities	(17,068)	(55,493)	(72,561)
Net position	4,307	–	4,307

Finance costs recognised for trade receivables and bills received discounted to banks for the period ended June 30, 2025 are HK\$1,893,000 and HK\$1,622,000 (2024: HK\$2,567,000 and HK\$1,308,000), respectively, which are included in interest on bank borrowings and trust receipt loans.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

15. TRADE PAYABLES

The following is an aging analysis of trade payables presented based on the invoice date or bills issuance date at the end of the reporting periods:

	As at June 30, 2025 HK\$'000 (Unaudited)	As at December 31, 2024 HK\$'000 (Audited)
Within 30 days	286,296	274,729
31 to 60 days	85,188	48,267
61 to 90 days	5,552	2
	377,036	322,998

As at June 30, 2025, HK\$252,456,000 (December 31, 2024: HK\$258,697,000) of trade payables are eligible for the Group to obtain the trust receipt loans from the banks for settlement of trade payables to the vendors.

16. TRUST RECEIPT LOANS

The trust receipts loans were drawn down by the Group from the banks for settlement of its trade payables. During the period ended June 30, 2025, gross amount of HK\$103,292,000 (2024: HK\$494,322,000) trade payables have been settled through the trust receipt loans provided by the banks. During the period ended June 30, 2025, gross amount of HK\$218,863,000 (2024: HK\$571,082,000) trust receipt loans have been repaid to banks.

The trust receipt loans are unsecured, bear fixed-rates with weighted average effective interest rate of 7.44% (December 31, 2024: 6.95%) per annum, and are repayable within one year.

At June 30, 2025, the Group's trust receipt loans with carrying amount of nil (December 31, 2024: nil) are required to comply with loan covenants to maintain certain amount of the Group's net tangible assets. The Group has complied with the loan covenants for the period ended June 30, 2025 and the nine months ended December 31, 2024.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

17. BANK BORROWINGS

During the current interim period, the Group obtained new bank loans of HK\$187,460,000 (2024: HK\$171,102,000).

In addition, the Group repaid bank loans of HK\$154,804,000 (2024: HK\$133,124,000) during the current interim period.

At June 30, 2025, the Group's bank borrowings with carrying amount of nil (December 31, 2024: nil) are required to comply with certain loan covenants. The Group has complied with the loan covenants for the period ended June 30, 2025 and the nine months ended December 31, 2024.

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

	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Weighted average effective interest rate:		
– fixed-rate borrowings	3.47%	3.78%
– variable-rate borrowings	3.90%	5.62%

18. LOANS FROM THE ULTIMATE HOLDING COMPANY

On September 27, 2024, Shanghai YCT, the ultimate controlling shareholder of the Company, entered into a loan agreement (the "Loan") with the Company together with the Company's PRC subsidiaries to replenish the Group's working capital and for repayment of the Group's higher-interest-rate trust receipt loans. According to the Loan, Shanghai YCT would grant loans at the aggregating amount not more than Renminbi ("RMB") 150,000,000 with effective interest rate at 6.8% per annum to the Company and the Company's PRC subsidiaries. These loans are unsecured and repayable in one year. The provision of the Loan from Shanghai YCT to the Company constitutes a connected transaction of the Company under Chapter 14A of the HK Listing Rules. However, as the Loan is conducted on normal commercial terms or better and it is not secured by the assets of the Group, the Loan is fully exempted from the announcement, circular, independent financial advice and Shareholders' approval requirements under pursuant to Rule 14A.90 of the HK Listing Rules.

As at June 30, 2025, the carrying amount of the loan from Shanghai YCT was HK\$78,819,000 (December 31, 2024: HK\$163,180,000), including loan interest of HK\$339,000 (December 31, 2024: HK\$1,193,000).

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

19. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$1.0 each		
Authorised:		
At January 1, 2024 (Unaudited), June 30, 2024 (Unaudited), January 1, 2025 (Audited) and June 30, 2025 (Unaudited)	120,000	120,000
Issued and paid up:		
At January 1, 2024 (Unaudited)	87,622	87,622
Exercise of share options	70	70
At June 30, 2024 (Unaudited), January 1, 2025 (Audited) and June 30, 2025 (Unaudited)	87,692	87,692

20. SHARE-BASED PAYMENTS

The Company adopted the Willas-Array Electronics Employee Share Option Scheme III ("ESOS III") to grant share options to eligible employees, including the executive directors of the Company and its subsidiaries. Details of the share options schemes and fair value measurement of share options were disclosed in the Group's annual financial statements for the nine months ended December 31, 2024.

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

During the current interim period, share options holders under ESOS III did not exercise any of their share options nor subscribe for shares of the Company.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

20. SHARE-BASED PAYMENTS – continued

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

	Number of share options
Outstanding at January 1, 2024 (Unaudited)	1,296,500
Forfeited during the period	(414,500)
Exercised during the period	(70,000)
Outstanding at June 30, 2024 (Unaudited)	812,000
Forfeited during the period	(465,000)
Outstanding at January 1, 2025 (Audited) and June 30, 2025 (Unaudited)	347,000

During the six months ended June 30, 2025 and 2024, no share-based payment expense was recognised in profit or loss.

21. RELATED COMPANY TRANSACTIONS

(a) Transactions and balances with an associate

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

	As at June 30, 2025 HK\$'000 (Unaudited)	As at December 31, 2024 HK\$'000 (Audited)
Associate		
– other receivables	–	532
Less: allowance for credit losses	–	(532)
– other payables	(3,860)	–
	(3,860)	–

Amounts are non-trade in nature, unsecured, interest-free and repayable on demand.

During the six months ended June 30, 2024, a reversal of impairment losses of HK\$1,000 on amount due from an associate has been recognised. The management are of the opinion that the receivables are not probable to recover and, accordingly, has made a full provision for them.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

21. RELATED COMPANY TRANSACTIONS – continued

(b) Transactions and balances with related companies

Saved as those disclosed elsewhere in these condensed consolidated financial statements, the Group has the following transactions with its related companies during the six months ended June 30, 2025 and 2024:

	For the six months ended June 30,	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Received from Shanghai YCT and entities controlled by Shanghai YCT		
– Sales of electronic components	1,985	2,983
– Rental income	1,352	187
Paid to Shanghai YCT and entities controlled by Shanghai YCT		
– Purchases of electronic components	927	304
– interest expense (Note)	4,756	–

Note: Interest expense was incurred for the Loan from Shanghai YCT, for details please refer to Note 18.

(c) Compensation of directors and key management personnel

The emoluments of directors and other members of key management during the six months ended June 30, 2025 and 2024 are as follows:

	For the six months ended June 30,	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Short-term benefits	5,076	3,604
Post-employment benefits	191	167
	5,267	3,771

The emoluments of directors and key management are determined by the remuneration committee having regard to the performance of individuals and market trends.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurements and valuation process

In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the management of the Company determines the fair value by reference to the valuation carried out as of the end of reporting period by banks and financial institutions for foreign currency forward contracts.

The fair values of financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable:

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

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).

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

The management of the Group reports the findings to the directors of the Company every half year to explain the cause of fluctuations in the fair value of the financial assets and financial liabilities.

There were no transfers between the different levels of the fair value hierarchy during the six months ended June 30, 2025.

The directors of the Company consider that the carrying amounts of financial assets and liabilities recognised in the condensed consolidated financial statements at amortised costs approximate their fair values.



WILLAS-ARRAY

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